

## Organisational leadership, management and strategic planning in UK HE

Briefing paper for JISC

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### A. Who sets the strategy?

#### Governance, leadership and management in UK HE

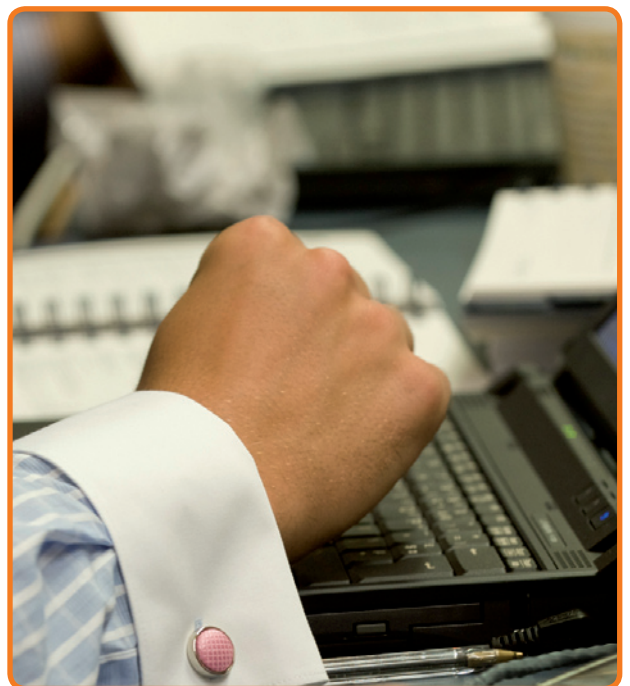
The main elements of strategic leadership, planning and management are the same for higher education institutions as for most other complex organizations at the beginning of the twenty-first century. Strategy is about the bigger picture and the longer look. It is also, critically, about using evidence to make judgments about institutional direction. The JISC has a special role in assisting institutions to meet this latter challenge.

The most important issue about relating strategy, mission, and reputation is that of who decides, and how. Some definitions are in order. Governance is the exercise of stewardship of the institution as a whole, within a framework set by the institution's foundation and ongoing legal and/or constitutional status. This will also include ultimate responsibility for strategic direction. Governance is thus also about setting the conditions for and holding to account the leaders of the organisation. Leadership is about setting the conditions for and then coordinating and motivating the performance of the institution. The third element of the trinity is Management. This has a much more operational feel: it is about doing the right things and doing them well. In a university nearly everybody manages something and in turn is managed by others. Crudely, if governance is about stewardship, and leadership is about stretch, then management is about institutional strength.

Each university or college will have a "supreme body" (normally a Council, a Governing Board, or a Board of Trustees or Overseers). This body (referred to below as the Governing Body) will be responsible for the assets of the institution as well as its strategic direction (often summarised in a phrase such as "character and mission"). This body will normally have a majority of "lay" or "independent" members.

The Governing Body itself will be constrained by the status of the institution in any particular jurisdiction: for example, the extent to which it is regulated by national or local laws, and the conditions under which it may receive public or private funds. Its formal status also entails auditing and reporting obligations (in the UK these are usefully summarised in both a Guide and a Code of Practice produced by the Committee of University Chairmen [CUC 2009]). Some Governing Bodies are also required to report to a wider group of parties

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with interests in the development of the University, such as a “Court” or a structured public meeting.

Nearly all universities will also have a supreme academic body (a Senate, or Academic Board [referred to below simply as the Academic Board]) to which either authority is formally delegated from the Governing Body, or in which authority is exercised as a founding right, over all academic matters. Academic governance will generally cover matters such as the admission and discipline of students, the making of academic awards, and the conduct of teaching and research. Almost invariably the institution’s primary function – of awarding degrees and other qualifications – will be subject to some form of regulation (either established by the founding authority or “assured” through external accreditation or validation).

In most cases, internal members of the university (academic and support staff, as well as students) will have some representation on the Governing Body. In many cases the Academic Board will have the right to advise the Governing Body on key questions, such as resource allocation, some senior appointments, aspects of internal organisation and strategic options. Some institutions also operate through joint or “hybrid” committees bringing together lay members of the Governing Body and staff (and sometimes student) members, including nominees of the Academic Board. This phenomenon is described by the most authoritative British commentator, Michael Shattock, as “shared governance,” and is widely regarded as good practice (Shattock, 2006: 58-80).

The leadership team has a special responsibility for oiling the wheels of shared governance, especially the head of the institution (President, Rector, Vice-Chancellor, Principal or Chief Executive [hereafter CEO]). He or she will generally be a member of the Governing Body and chair of the Academic Body.

A series of workshops, conducted by the author for Governing Body Chairs and CEOs of UK HEIs under the auspices of the Leadership Foundation for Higher Education over the past three years, has thrown up the following hard questions for resolution between the parties:

- understanding the performance of the institution compared with that of others in the sector;
- managing reputational risk;
- the boundaries between governance and management;
- Governors’ responsibility for senior appointments;
- succession;
- crisis management; and
- balancing institutional and public interests.

Other ‘softer’ dilemmas which have emerged include:

- managing disagreement;
- dealing with a divided Board;
- presenting the partnership to the Board and the institution;
- offering genuine strategic choice and leadership;
- relative responsibilities for “representing” the institution;
- relationships with multiple communities.

Holding these contending forces together in a harsh and unforgiving world is ultimately a “governance” or “stewardship” role. Both the challenges and the outcomes (not least in contrast to the performance of the private sector) can be variously interpreted (see Schofield, 2009). There follows a classic contrast of “witness statements” on the issues arising.

The first witness is the PA Consulting Group, in the latest of what has been a series of analytical (and predictive) statements about the condition of the UK sector.

The governance of higher education is complex, arcane and often antipathetic to modernisation and outward looking strategic change. Universities complain vociferously about the burdens imposed by the demands of public accountability and the vagaries of Ministerial policies. But in practice, these external constraints are at least matched by the sea anchors of internal procedures, committee structures and institutionalized conservatism that characterise most universities. Whether externally imposed or internally generated, the driver for most governance arrangements has been the maintenance of due processes – whether to assure that public finance requirements have been complied with, or to ensure that all interested parties have been duly consulted on proposals for change (PA Consulting, 2008:13).

This is a classic “outside-in” view. Universities are self-regarding, procedurally hide-bound, risk-averse, over-anxious about “process compliance” and oblivious to “the results and outcomes achieved.” For an alternative, almost contemporaneous, “inside-out” view see the following statement by Geoffrey Boulton and Colin Lucas on behalf of the League of European Research Universities (LERU). Their thesis is structured around the “openness to contradiction that is part of the genius of universities.”

A central dilemma for university governance is therefore how to retain the sense of ownership of the university enterprise by its members, which creates the setting for their creativity to range freely, whilst implementing the structural changes that are inevitably needed from time to time if a university is to remain a creative force for future generations.....Political boldness is also required. The freedom to enquire, to debate and to criticise and to speak truth to power, whether it be the power of government, of those who fund the university, or those who manage it, is central to the vitality of the university and its utility to society. It is crucial that rectors and university governing bodies understand this essential source of institutional strength; that they are steadfast in its support, strong in its defence and are not seduced by the fallacy of managerial primacy: that things that make management difficult need to be removed or reformed. An easily governed university is no university at all (Boulton and Lucas, 2008: 15).

PA consulting, of course, had the misfortune of going to press just before the failure of the western banking and financial services system demonstrated how seriously wrong things can go with a focus on “results” rather than predetermined processes. Similarly Boulton and Lucas might be accused of being ready to recognise universities’ role in “speaking truth to power” more readily than their preparedness to speak truth to themselves. However, it is hard to speak against the longevity, the adaptability and the fundamental ethical purpose of the university, despite its capacity (and propensity) to cry wolf and to fail from time to time to live up to its core mission and purposes.



## B. Facing the future: pressure points for UK HEIs

At the time of writing global higher education is assessing how it will fare in the so-called "credit crunch" (the collapse of both international and domestic financial systems in the wake of rampant personal, corporate and public debt, originating in particular in the western world). In these circumstances, higher education systems are under the same pressures as any large complex organisations. They are already suffering from a fall in the value of endowments, from trading difficulties, from uncertainties about off-balance sheet financial commitments, from currency fluctuations and the like.

However, because of their peculiar situation, there are a number of areas of distinctive uncertainty about what will happen to them and how much freedom they will have to manage their own destinies. Many of these uncertainties can be presented - in the spirit of Robert Frost - as a fork in the road: "Two roads diverged in a yellow wood" (Frost, 1920).

Here are ten examples of "two roads in a wood" as they might affect higher education and higher education.

- The first is about the student market. Will it become more or less instrumental in choice of courses and subjects? Will the requirements of the job market loom larger or less so? Will students want to accelerate or (as has happened in the past) delay their entry or re-entry into the job market? Will those who are able to choose want to travel or stay close to home?
- The second is about public investment. If there is a revival of Keynesian pump-priming in developed economies, will universities benefit? If they don't benefit directly will they do so indirectly (for example through capital and infrastructure projects, or through their contribution to other public services)? In the UK will the likely melt-down of the Public Finance Initiative (PFI - in which "risk" is purportedly shared with the private sector, including now several banks with substantial public stakes), as well as an array of other joint ventures, have a special effect. The omens are not good (Mathiason, 2009)
- The third is about university-business interaction. Will industries invest in training and development through the slump, or not? Similarly what will happen to commercial R&D? Is it more or less likely to be shared with universities? What about the twenty-first century development of "university-like businesses" (as discovered by Gary Hamel [Hamel, 2007])?
- The fourth is about governance. Are we likely to see increased or reduced autonomy (not least in a context where university stewardship and risk-spreading - much criticised by the business establishment - has turned out to be rather sensible)? In the UK we have remarkable institutional autonomy, but we are also hooked on ear-marked (or "special") funding. We may have to reverse the pathology by which the most important thing we want to do becomes the last call on our disposable institutional funds because we think it should be an "initiative."
- Connected with this, fifthly, are we likely to see more or less government intervention? I suspect that in many highly tinkered-with systems (like the UK and the Australian) the temptation will be to declare (temporarily) "finished business" (as a euphemism for "too hard.").
- The sixth is about the "for-profit" private competition for universities. Will these companies accelerate (to undercut the establishment) or decelerate (because entry and maintenance costs are so high)?

- The seventh is about staff. Will HE continue to be a public sector haven for professionals (with relatively safe pay and conditions, including vestigial pensions)? Will international mobility increase or decrease? Will competition for senior posts (including the VC pool) be boosted by corporate refugees? Will international “brain circulation” slow down? How many redundancies will there be? How many institutions (just like private corporations) are using the current conditions as an excuse to achieve deck-clearing that they have put off for years?
- The eighth is about national ambitions for HE? Will the race to world-classness race heat up or slow down (as the costs look more daunting and other priorities for HEIs loom larger)? Will the statistically illiterate “world-class” leagues tables that many institutions as well as many governments have tied their banners to turn out to be a temporary madness?
- The ninth is a sort of reciprocal of the eighth: will international cooperation (distinctly on the rise in research terms, if not on teaching and systems development) increase or decrease? As students have to stay at home, will there be re-focusing of “first” and “second” world effort away from a race to suck in international students and towards more traditional modes of development assistance for developing systems.
- The tenth and final fork captures all of the options above. Will the sector draw in its horns, seek to ride out the difficulties, and tend to close down, or will it take advantages of the elements of opportunity as opposed to threat in what’s above, and open up?

### C. How are we doing?

The challenge of institutional self-study Faced with uncertainties such as these, the key challenge to any single institution is to understand its objective situation as clearly as possible. Critically, this involves the use of evidence, and evidence in turn depends upon sophisticated data capture and interpretation.

Universities accumulate mountains of data, for their own routine purposes as well as in response to external requirements. They are less well accustomed to turning this data into interrogable information about their real circumstances or systematic evidence which can be used to chart strategic options. Without this capacity, and the willingness to make use of it, HEIs can fall prey to significant illusions about their strategic freedom of action. The JISC should continue to play a key role in developing and supporting such capacity.

Sound institutional intelligence can assist with at least the following ten features of effective strategic leadership and management:

- balancing ambition and realism – ensuring that strategic goals are not only stretching but attainable (objectives that are simply out of reach prompt cynical reactions from groups inside and outside the institution);
- getting matters in proportion – for example, “right-sizing” that section of a research strategy focused on the Research Assessment Exercise (RAE) and its successor the Research Excellence Framework (REF);
- contextualizing league tables – most of which are profoundly misleading (especially the newspapers’ “multi-factorial” variants; “single-issue” and standardised tables, like the National Student Survey, can be more useful);
- bench-marking for challenge as well as for comfort – as in testing performance against institutions from different as well as the same parts of the sector;

- probing course and departmental granularity – in other words, getting below the tyranny of whole-institution averages (like the Funding Council “bench-marks”) to see how they are built-up, and hence being able to tackle issues locally and in detail;
- reassuring stakeholders – as well as building cases for partnership and other support;
- dealing with the counter-intuitive – when the evidence doesn’t fit the managers’ preconceptions;
- getting the money right – a necessary but not sufficient condition of institutional success; and above all
- establishing and maintaining the institution’s unique “zone of freedom of action.” (See Watson & Maddison, 2003)

#### D. Information services: the new terms of trade

Institutions have had very rapidly to deal with the emergence of complex information management systems, which now run across nearly all of their key functions. They have faced difficulties in terms of specification, procurement, testing, implementation, and especially of integration. More broadly, the JISC represents a powerful symbolic as well as practical resource for the sector in terms of strategic management. Through many of its activities and services the institutions organise in order both to collaborate and to compete.

The fields of activity in which JISC has a profound impact on university strategy thus include the following:

- information systems in support of all core functions, and their integration;
- information and communications technologies in support of teaching and research;
- standards across a wide range of functions (and hence support of both “self-study” – as above – and bench-marking);
- infrastructure for collaboration at all levels – local, regional, national and international.

At the sector-level, I recommend that the JISC focuses on the following aspects of strategic management:

- understanding the structure of the higher education market-place – especially where and how collaboration and other forms of pre-competitive behaviour are appropriate (an example is open access);
- structuring services which run across institutional boundaries (for example the “depositories” and the “e-library”);
- training and professional development (where costs and activity can be pooled);
- evaluation and testing (especially of large-scale potential investment in systems and their support);
- establishing an authoritative and trusted source of advice.

A worked example is the area of teaching and learning where the JISC has identified five areas for development work in support of institutional strategies: “e-assessment, e-portfolios; learning resources and activities; technology in support of administration; and technology-enhanced learning environments” (HEFCE, 2009: para. 41). This



document underlines the role of the JISC in ensuring that in a core area development is both deeper (see para. 23 on “critical and analytical” skills needed to move beyond a superficial style of web-assisted learning) and wider (see para. 34 on technological innovation “outside the traditional, non-expert perception of e-learning”). A similarly rich and subtle approach is required across all of the issues listed above. Particularly important is the role of the JISC in creating and sustaining confidence on the part of senior managers in the quality of service they are receiving from all of their systems.

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