

Leading and Managing Organizational Change: A Case Study on Institutions of Higher Learning in the U.S.

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ABSTRACT: The increasingly competitive environment surrounding U.S. colleges and universities is creating disequilibrium, particularly for small private colleges that rely heavily on tuition. The major drivers of change include technology, globalization, and the increasing enrollment of non-traditional students. However, colleges and universities have been slow to adapt to change and may be resistant altogether. The organizational culture of colleges and universities are built on histories and traditions that honor the past and not the future. This article examines the dynamics of environmental change and the impact of organizational culture on change. The article provides ten principles for leaders to implement organizational change strategically and successfully.

Keywords: organizational change, organizational culture, strategic leadership

I INTRODUCTION

In the United States, education is often thought of as a socially equalizing force. Education enables individuals and families to move up the social and economic ladder. Moreover, education increases employment opportunities, boosts lifetime earnings, and adds job security in an otherwise depressed labor market. For organizations, knowledge acquired through education is a source of competitive advantage in the global economy. However, the U.S. is falling behind other industrialized nations in the number of college degrees earned. At the current degree attainment rate, the U.S. will produce 48 million new undergraduate degrees by 2025—16 million fewer than the 64 million needed to match Canada, Japan, and South Korea.ⁱ There are few jobs in today's global economy that do not require education beyond the secondary level.

The jobs of the future will be increasingly clustered in the science and technology fields. Yet, colleges in the U.S. are not producing graduates with the academic training and skills needed to pursue careers in these fields. "With jobs requiring more complex skills like math, science, and technology, Americans may lack the skills to compete in the future global workforce."ⁱⁱ

Furthermore, the structure of higher education remains rooted in the 20th century thinking. At the dawn of the early 20th century, traditional educational institutions were established based on the principle of the industrial revolution: economy of scale, efficiency, production, and investment in physical spaces, where a mass number of people could be trained. The focus of the education system was to facilitate the movement of the American economy from an agricultural-based economy to a factory-based economy.ⁱⁱⁱ However, human capital in the United States is now estimated to be at least three times more important than physical capital.^{iv} As the economy continues to shift away from production to information, institutions of higher learning remain trapped in an industrial model that is outdated for the global economy.^v As a result, the educational needs of new and emerging generations of learners may be underserved. "Americans need a much higher percentage of the population to gain higher education and perform differently after employed."^{vi} Learning should not just encourage individuals to acquire and possess new knowledge, but to change their behaviors as a result. Simply put, organizations need employees to think critically, process complex information, take leadership, and accept responsibility.

The purpose of this article is to examine the dynamics of organizational culture and change surrounding U.S. colleges and universities. This article begins by examining four key drivers of change impacting U.S. colleges and universities now and in the foreseeable future: increased need for science and technology degrees, minority achievement, increased enrollment of nontraditional and adult-learners, and globalization. Moreover, this article provides ten principles for implementing organizational change. The successful implementation of organizational change requires compatibility with the organizational culture, institutional structures, and environmental conditions surrounding the organization.

II. UNDERSTANDING DRIVERS OF CHANGE

Science and Technology

Today's workers are employed in knowledge-based industries that require more education and skills than workers of preceding generations. For example, in 1959, only 20 percent of all prime age jobs required at least some college, but by 1997, the proportion was 56 percent.^{vii} Furthermore, it is estimated that of 20 million new jobs to be created by 2008, 14 million will require at least some college education.^{viii} Moreover, the fastest growing occupations in the U.S. economy are in science, computers, and engineering, which require a bachelor's degree or higher.^{ix} A recent Congressional Research Service report found that the U.S. ranks 20th among all nations in the proportion of 24 year-olds who earn degrees in natural science or engineering.^x Daniel Yankelovich argues that young people in Western industrialized nations, particularly in the United States, are not flocking to study science and technology. Conversely, in Japan, 66 percent of undergraduates receive their degree in science and engineering, and in China, 59 percent compared to 32 percent in the United States.^{xi}

To make up for the lack of science and technology graduates, the U.S. could turn to immigration. However, the global war on terror has limited the number of visas available for students to study in the U.S. As a result, the international student enrollment at U.S. colleges is stagnant. According to the Institute of International Education, the number of international students studying in the U.S. remained steady at 564,766.^{xii} However, according to an online survey of higher education associations, international student enrollment declined by 20% of schools.^{xiii} These schools attributed this decline to the cumbersome U.S. visa requirements, rising cost of tuition at U.S. colleges, and changing preferences of international students. "In the future, we will desperately need immigrants to come to America. By 2015, we will have more jobs than people—almost 10 million jobs will go begging unless we change this situation fast." Given the current political discourses criticizing immigration, Americans will also have to work through these differences in the interest of long-term economic growth.

Widening Achievement Gap

In the U.S., 27 percent of the population 15 years and older have tertiary education.^{xiv} According to the National Center for Education Statistics, between 1994 and 2004, college enrollment in the U.S. increased from 14.3 million to 17.3 million.^{xv} However, college enrollment does not translate into college completion, particularly for Hispanics and African-Americans. In a speech at the U.S. Chamber of Education and Workforce Summit, the Federal Reserve Board Chairman Ben Bernanke said this, "trend is particularly disappointing."^{xvi} While more than one-third of whites aged 25 to 29 had at least a bachelor's degree, less than one-fifth of African-Americans and around 10 percent of Hispanics the same age hold at least a bachelors.^{xvii} About 50% of African-Americans and Hispanic 9th graders do not become eligible to enter college because they have not completed high school.^{xviii} A college degree translates into higher lifetime earnings, increased job security, and upward social mobility. For example, the lifetime earnings for high school graduate is \$821,000 compared to \$1.4 million for a college graduate.^{xix}

Furthermore, between 2000 and 2020, the number of whites under the age of 45 is projected to decline, while the number of Hispanics under the age of 45 is expected to exceed all other races. However, the low number of associate and bachelor's degrees awarded to Hispanics relative to their college-age population stands in sharp contrast to their projected growth. Workers leaving the workforce with high levels of education will be replaced with individuals who have lower levels of education.^{xx} This trend could reduce the U.S. tax base and undermine economic competitiveness in the global economy.

Rise of Non-Traditional Students

The knowledge-based economy will require that current workers upgrade their education and skills routinely. However, the nation's colleges still cater for 18-22 year olds with formats, curriculums, and degree programs that are not compatible with the needs of nontraditional students. Fully, 73 percent of all undergraduates were nontraditional in 1999-2000.^{xxi} The old sequential paradigm of attending college after high school, starting a career, marriage, and childrearing is outdated. The reality is that students are delaying college or fitting college in between their busy work, family, and social lives. Three-quarters of today's college students are nontraditional in some ways—they delay enrollment after high school, attend college part-time, or are considered financially independent. Many are already working and more than a quarter are parents.^{xxii}

Duderstadt argues that our current paradigms for higher education, the nature of our academic programs, and services may not be able to adapt to the demands and realities of our times.^{xxiii} Stokes points out that most students studying less than half-time do not qualify for financial aid, and few have access to other forms of financial aid. 22 percent of prospective adult learners who choose not to enroll cite cost as an obstacle.^{xxiv}

The enrollment of nontraditional students will necessitate that colleges expand access through technology and distance education courses. Online education is the fastest growing sector within higher education—18 percent enrollment growth in 2004-05—an estimated 2.3 million students took one or more courses online last year.^{xxv} Communication technology, such as the Internet—asynchronous, and two-way video conferencing enable educational institutions to serve diverse populations in a variety of settings—any time and anywhere. This would also help to expand access to underserved markets that are dislocated from major educational centers in the U.S. and abroad.

Globalization

In the global economy, information and capital flow freely across geographically defined borders. Technology has enabled knowledge to be imported and exported from anywhere in the world. The global demand for educational opportunities requires higher education leaders to understand the diverse learning needs of students from non-western cultures and nations. For example, China and India are the world's largest countries in terms of population size. There are over 1 billion people in China and India respectively, compared to just over 300 million people in the United States.^{xxvi} Moreover, India is the world's largest democracy. It is moving beyond being known as the back office for the world. According to a June 2007 issue of *Business Week*, "In today's global economy, the division of labor between China and India couldn't be clearer: China makes things; India does things."^{xxvii} Furthermore, Indian companies are providing outsourcing services that require specialized skill, expertise, and judgment.

However, India and China are underserved by the post-secondary education market. In a report on China's higher education, it is estimated that there were roughly 9 million Chinese enrolled in higher education institutions. Moreover, there are only 1,202 private colleges serving 1.4 million people.^{xxviii} In India, the demand for higher education far exceeds the supply of quality academic programs. A large number of general education undergraduate colleges exist, but there is a scarcity of engineering and technical place quality in postgraduate programs.^{xxix}

III. UNDERSTANDING ORGANIZATIONAL CULTURE AND CHANGE

The organizational culture of institutions of higher learning has been slow to adapt to environmental change. Higher education is built on histories and traditions that are impervious to outside pressure.^{xxx} Organizational culture is the norms and shared values that characterize an organization.^{xxxi} The organizational culture teaches members of the organization the correct way to think, perceive, and act in response to problems confronting the organization. Moreover, culture influences the style of thinking favored in an organization, its use of analysis, and the strategy-formation process.^{xxxii} Organizational culture takes years to develop, and the more fully developed the culture, the more resistant to change it becomes. "While strategy, structures, and specific people may change, culture remains rooted in the organization's past, sowing the seeds of conflict, and trauma."^{xxxiii} To this end, the organizational culture inhibits change, discourages creativity, and limits entrepreneurial thinking needed to solve problems.

Furthermore, rigid organizational culture can undermine knowledge creation. This is counterintuitive for institutions of higher learning considering many were founded on the principles of intellectual freedom. Cultural barriers such as paradigms and stories of failed experiences do little to encourage organizational members to think freely. "Paradigms become ingrained in any organization; they define the themes talked about in management meetings, the language used, the key stories told, and the routines followed."^{xxxiv} Moreover, organizational culture is controlling and can become intellectually abusive if unchecked. "A major concern... is the potential development into an authoritarian system that is subject to abuse because its controls are internalized."^{xxxv} Hence, the internalization of processes and procedures provides controls, which governs behavior and dictate actions.

IV. UNDERSTANDING THE DYNAMICS OF IMPLEMENTING ORGANIZATIONAL CHANGE

Implementing organizational change requires commitment and leadership on multiple levels within the organization. However, managing change is a difficult undertaking because of organizational resistance, which may frustrate efforts to accommodate new environmental pressures. "Resistance is so difficult to diagnose and confront because it usually emanates from the two sources, an organization's culture and its informal structure, which are most difficult to see."^{xxxvi}

Stanley Gryskiewicz, in his book *Positive Turbulence*, advocates the need for organizations to create cultures that recognize the need to create an environment compatible with change and staffed with people who can adapt to changing opportunities. He argues that the organizations strive for equilibrium and consistency. By running an organization with no allowance for divergence, many organizations feel they can ensure continued

success.^{xxxvii}

Furthermore, traditional approaches to organizational change are dominated by assumptions privileging stability, routine, and order.^{xxxviii} However, we do not live in a static, linear cause and effect world where predictability is possible. Instead, we live in a world comprised of complexity, motion, change, and emerging events that are nonlinear rather than linear.^{xxxix}

In addition, convincing members of an organization of the need for change is not enough to bring actual change. The vision must be transformed into a strategy with goals and a plan for achieving it.^{xl} Moreover, organizations should make subsequent changes in strategy execution factors, such as organizational structure, systems, leadership, and shared values.^{xli} “We must be willing to abandon the structures (policies, ideas, and assumptions) that once gave us security, but now inhibit our evolution.”^{xlii}

As mentioned, implementing organizational change requires commitment on the part of an organization’s members and effective leadership. However, there are best practices that a leader should follow to successfully implement strategic change. The following ten principles summarize approaches to implementing organizational change strategically:^{xliii}

1. **Create Dissatisfaction with Status Quo.** Academic leaders need to create dissatisfaction with the status quo and communicate why change is needed. Without communicating why change is needed, organizational members will be reluctant to embrace it.
2. **Diagnose Cultural and Organizational barriers.** Examine the dominant cultural values, attitudes, and beliefs of the organization and its members.
3. **Develop a Clear Vision and Strategy.** Academic leaders need to articulate the future state. How will the organization be different as a result of the change?
4. **Communicate Effectively.** Establish communication channels and keep members of the organization informed during the process.
5. **Involve Key Stakeholders.** Allow others to participate in the change process. Individuals resist change when it is thrust upon them with no opportunity to provide input.
6. **Create A Change Tasks Force.** Appoint key people in the organization who will be responsible for implementing the change and selling the new vision. These individuals should have credibility and integrity.
7. **Establish Milestones and Benchmarks.** Academic leaders need a means of evaluating and measuring success. This may include celebrating small victories and recognizing failures and challenges.
8. **Reorganize and Create Appropriate Structure.** Implementing change requires more than moving a few lines and boxes on the organizational chart. Leaders must create a new organizational design to reinforce new behaviors in the organization.
9. **Create Rewards.** Academic leaders need to create extrinsic and intrinsic rewards to motivate and encourage change. Change can mean loss, but it can also mean new opportunities for growth and success.
10. **Model Change Behavior.** Academic leaders need to be the change that they seek. There should be some consistency between what leaders say and do during the period of change.

V. CONCLUSION

All in all, leading organizational change in response to environmental pressures is a massive undertaking. Change for the sake of change can be counterproductive, disruptive, and create apathy towards the vision of the organization. However, by examining the external environment, leaders can make a compelling case for the need to change. Institutions of higher learning operate in a competitive environment like any other organization and must adapt to changing consumer demands. To survive, colleges and universities must become more agile, flexible, and innovative to meet the needs of future students.

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