

# Strategic Leadership in Higher Education: Adding Value and Restoring the Value Proposition



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## INTRODUCTION

Strategic leaders recognize four things:

1. The future is complex, turbulent, and volatile;
2. Within that ever-reconfigured future there are discernable opportunities and dangers;
3. Unless the organization is guided towards those opportunities, and away from dangers, it will ultimately be inundated and crushed by the storm-waves of the future; and
4. That a clear vision of future strategic destinations must be articulated, communicated, and acted upon.

The present is always dominant; nevertheless, it cannot be allowed to extinguish the future vision. The future might indeed be uncertain, but the strategic leader's vision needs to be sustained. In essence, strategic leadership has been characterized as the leading *of* the whole organization, rather than the leading *in* it (Boal & Hooijberg, 2000).

Currently, strategic leadership seems a particularly attractive option for American higher education. Higher education is a service-provider, but educational consumers are unhappy with what is presently being provided. For example, students pursuing a four-year degree find that the average completion time is actually 55 months; only 40 percent will graduate within four years (Vedder *et al.*, 2010, p. 125). College drop-out rates are also high. During the last twenty years 31million students left college with neither degree nor certificate; of these, 10 million had enrolled for only a single semester at a single institution (Shapiro *et al.*, 2014). Students who did persevere encountered escalating tuition; over the last twenty-five years, tuition costs have outstripped inflation by 360 percent (Archibald & Feldman, 2010, 2012). Tuition increases impact current students (and their parents), but they also add to the burgeoning college-related debt of graduates. Almost 69 percent of graduates in 2013 had average college-related debt of \$28,400 – representing an increase of 2 percent over the prior year (Reed & Cochrane, 2014).

Students are also increasingly concerned about the value of their college degree and the extent to which degrees prepare them for the future and for the workplace – concerns that are also shared by employers (Cai, 2013; Krueger & Dale, 2011; Rothwell & Kulkarni, 2015). Additionally, institutions of higher education are facing significant financial problems. After reaching a record high of \$89 billion in 2008, state funding was slashed dramatically and is anticipated to decline further in the future, with a *new normal* in which students and their families will be expected “to make increasingly greater financial sacrifices in order to complete a postsecondary education” and in which colleges will be forced “to find ways of increasing productivity and to absorb reductions in state support while increasing degree production without compromising quality” (SHEEO, 2014, p. 47).

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Some might believe that higher education is simply going through a difficult time following the Great Recession of 2008. However that is simply to restate the problem, not to answer it. The task environment of higher education has undergone significant change over the last few decades and it will continue to be more hostile and challenging in the future. It is obvious that the internal workings of higher education are failing to meet current expectations and are likewise incapable of meeting the challenges that will be demanded in the future. There is an urgent need to revisit and to reinvent strategic leadership in higher education and a sense that “those institutions that embrace the true spirit of their educational mission, engage students and communities, and find creative solutions to the challenges facing them will survive and thrive” (Goldstein, Miller, & Courson, 2014, p. 12).

This chapter explores the challenges of implementing strategic leadership in the higher education sector. The first section provides background by examining the inherent tensions, conflicts, and paradoxes embodied in strategic leadership approaches. The second section focuses on the specific issues involved in higher education, particularly its service-provision nature and the perceived loss of value-added. The third section suggests research initiatives that are considered vital, while the final section summarizes the main points of the chapter.

## **BACKGROUND**

All organizations are confronted with strategic decisions: neither strategic management nor strategic leadership is new. However, the increased complexity and chaos in task environments have moved strategic considerations to the fore and has made strategic leadership the most significant leadership approach in the 21<sup>st</sup> century (Dinh et al. 2014; Hitt, Haynes, & Serpa, 2010; Rowe & Nejad, 2009). Because of its widespread popularity, strategic leadership has spawned a vast literature, most of which is enthusiastic, rhetorically rich, and strangely vacuous. There is often a sense that strategic leadership is the optimal approach in all situations; however, it is disingenuous to discount contextual factors or to believe that leadership is a convenient abstraction, rather than a culturally and organizationally embedded enterprise. For strategic leadership to be viable a number of elements have to be considered:

- **Leading from the Top:** Strategic leadership focuses on senior managers within an organizational hierarchy. Its origins are in *upper echelons theory*, which advances the proposition that strategic organizational decision-making is located in – and the prerogative of – the CEO and his/her top management team (Carpenter, Geletkanycz, & Sanders, 2004; Finkelstein, Hambrick, & Cannella, 2009; Hambrick, 2007; Hambrick & Mason, 1984). In implementing strategic leadership it is important to consider the distribution of power and the assumption of autonomy within the organization. In higher education, the top-down leadership implied by strategic leadership might be significantly challenged by the vested power, sense of autonomy, and politics of academic departments and faculty. The extent of this potential conflict is unclear because much of the writing and research on strategic leadership and upper echelons theory has been descriptive – a more substantively understanding of causality, interaction, and power challenges encountered is required to explore this issue (Menz, 2012; Oppong, 2014).
- **Transactional vs. Relational:** As a consequence of power distribution and an external strategic focus, strategic leadership is often characterized as transactional – centered on limited leader-follower exchanges. This contrasts with *transformative leadership* models in which relational exchange, leader commitment, and leader behavior all serve to cultivate, encourage, and include

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