

Chapter 6

Strategic Management of Higher Education Institutions in a European Context: A Literature Review

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ABSTRACT

This chapter explores the strategic management of European universities and aims to provide an overall picture of the focus of contemporary strategic research. Twenty-five articles are examined using the public sector strategic research framework. The review provides a fragmented and multidimensional picture of the strategic management and leadership of universities. It can be viewed from several different perspectives, and therefore, the emphases are also different. Additionally, this is a challenge for strategic leadership when considering strategic choices in the higher education sector. This literature review suggests that the changing environment of the higher education sector highlights the need for new processes and frameworks for universities. Despite comprehensive strategy work, higher education institutions have been unable to meet the challenges related to change. A more comprehensive understanding of strategic management theories, frameworks, and tools would give universities a stronger understanding of strategic leadership and its implications for future success.

INTRODUCTION

The purpose of the strategic management of higher education institutions (HEIs) is to ensure their future success and to make strategic choices that support these institutions regarding national and international competition. This chapter describes current research into the strategic management of HEIs in a European context, with the aim of specifically understanding what the research focuses on and observing what kind of overall picture emerges.

DOI: 10.4018/978-1-7998-8213-8.ch006

Research into strategic management in higher education is associated with organisational, management, and administration studies (Kehm, 2015; Teichler, 2005; Tight, 2003). According to the above-mentioned researchers, higher education research has emphasised research into higher education systems, teaching, and academic work. The constant changes of the HEIs present a challenge for more comprehensive research, for example, regarding the connection between higher education reforms and strategic management (Fumasoli & Stensaker, 2013). Research related to strategic management has become an area of interest with the spread of new public management (NPM) thinking to the public sector since the early 1980s (Boston et al., 1996). One key change has been the shift from an administrative and bureaucratic orientation to one based on performance, economy, efficiency, and effectiveness. The public sector continued to apply NPM ideas in the 2000s and beyond, focusing on value creation, digitalisation, and involvement (Greve, 2015).

Strategic management research into HEIs is a growing area of interest (Brennan & Teichler, 2008). For example, strategic management research can be approached using traditional management theories, with a focus on competitive advantage, organisational capabilities, and operational performance. Another approach is to look at strategic management from the perspective of higher education administration, where higher education strategy can be viewed from academic and administrative management angles and loose-fitting organisations. However, as a research topic, the theme is essential: the importance of strategic management is emphasised in competition between universities, in the orientation of resources, profiling, and structural development.

In this chapter, contemporary research regarding strategic management in European higher education is discussed to analyse and understand what topics the research focuses on and observe what overall picture of them can be built. The research question in this chapter is: *What kind of contemporary research has been performed on the strategic management of HEIs in a European context?*

This chapter first discusses different aspects of strategic management in public sector organisations. Then, aspects of strategic management that are especially important in the higher education context are highlighted. Thereafter, the research articles are analysed, and a synthesis is made by connecting it to the later-introduced frame of reference (Poister et al., 2010), and conclusions are presented. Finally, topics for further research are discussed.

DIFFERENT APPROACHES TO STRATEGIC MANAGEMENT

Theories of strategic management have evolved since the 1950s. Traditionally, strategy has been defined as plans, policies, positions, and perspectives (Mintzberg, 1994). As the operations of organisations have transformed from production units to knowledge-based activities, theories of strategic management have also evolved. One depiction of the development of such theories is, for example, the description of strategic schools by Mintzberg et al. (2009), in which strategic management is examined from ten different perspectives. Strategy work includes, for example, positioning towards competitors (positioning school), clear planning (planning school), an understanding of corporate culture (cultural school), an understanding of the customer interface (learning school), and the ability to think strategically (cognitive school). These approaches help in understanding several different approaches to strategic management.

Strategy can also be approached from the perspectives of strategy tools, which refer to different theories and models at different stages of strategy work. According to Vuorinen et al. (2018), strategy work can focus on the internal or external environment or process development. Combining these approaches

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