

# An Effective Organizational Structure to Implement Strategic Plans in Higher Education Institutions

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**ABSTRACT:** Strategic decision areas, within which a university has to think, include its basic mission; the targeted stakeholders to be served; the goals and objectives to serve the needs of its clientele; the programs and services offered; its geographical domain; and finally, its competitive advantage over rivals. These factors have to be followed by the examination of the use of institutional resources, governance/decision-making structures (the concern of this paper) and the maintenance/development of the institution's human resources.

Organizing is the process of arranging resources (people, materials, technology *etc.*) together to achieve the organization's strategic goals. Saudi institutions now operate within a much greater competitive context within its national, regional and international rivals. As a result, they need to incorporate a greater education, research and community services orientation into their strategic planning process to acquire a competitive advantage over their competitors. So, these institutions are passing through a number of changes in the dimensions of their missions and visions that necessitate the establishment of suitable reliable vehicles (structures) to facilitate the adoption and control of those changes. This paper assesses the organizational structure (a vehicle) that handles the strategic plans implementation and control at KFUPM, as a representative of KSA higher education institutions, and proposes an amended one.

**KEYWORDS:** Higher education institutions; Strategy implementation and control; Organizational Structure.

## 1. INTRODUCTION

Organizations need to consider the reasons for their existence and how they intend to achieve their objectives over a specific period of time. Considering those objectives, a strategy has to be formulated. A vital starting point for strategic considerations is the formulation of a mission statement, a vision for the future, while, considering the external environment and the organization's potential competitive edge [1].

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In reality, throughout the world, many higher education institutions nowadays have intended strategies. These are usually made explicit through documents in which they translate their mission and vision into (strategic) goals and objectives. They consider strategic planning, as a tool, to bring about a number of radical changes in the structure and funding rather than what was used to be in traditional institutions. Such institutions now operate within a much greater competitive context than hitherto. As a result, they need to incorporate a greater market orientation into their strategic planning process to acquire a competitive advantage over their rivals. To which market(s) they should address themselves; however, is a complex issue.

Setting a strategy is an indispensable prerequisite to obtain public funding. However, it is a difficult task to implement a strategy, as intended, because of the specific characteristics of the higher education institutions, i.e., higher education institutions are complex multi-product organizations, besides, the existence of vague, ambiguous goals in academic organizations. Moreover, the conflict of interests and tensions between the multiple goals (teaching, research and community services), administration of scientific installations, housing for students and faculty... etc. makes the situation more complex [2]. So, the challenge of strategic management is to deal with such conflicting characteristics adequately. These characteristics triggered the need to look into strategy implementation's vehicle (organizational structure) that successfully implement and control the attainment of the intended objectives.

The Ministry of Higher Education of the Kingdom of Saudi Arabia has launched a project that set a twenty-five years strategic plan for university education named AAFAQ. The successful implementation and control of this ambitious plan necessitate the existence of an effective means, i.e., organizational bodies within the universities.

The primary objective of AAFAQ is to improve the learning experience of the graduates of the universities. A secondary objective is to enable them to achieve the outcomes specified in the ABET criteria and extend their involvement in the community. So, researches should be conducted to assess the attainment of AAFAQ strategic goals and objectives regarding the graduates' growth overtime, diversity of the student's background and complexity of their expectations, research's and community services' requirements. One of the ultimate goals of these researches is to find a vehicle that monitors the strategic plan complexity and make sure that it is continuously embedded into the development/amendment of the institution's mission statement in order to satisfy the ever changing needs of their stakeholder (i.e., customers). To do that, the authors attempt to establish an organizational structure that facilitates the implementation and control of the strategic plan at KFUPM, and hence extended to other higher education institutions.

## 2. LITERATURE REVIEW

Structure is the design of the organization through which strategy is administered. Sometimes, change in the organization strategy leads to new administrative problems which in turn require a new or re-tailored structure for the successful implementation of the amended strategy. Organizational structure has to align with organization strategies and must integrate strategy formulation and implementation. Organizations use ‘strategy implementation models’ and ‘incentives’ for effective implementation of strategy through organization structure. Ultimately, strategy affects structure, and the choice of structure affects efficiency and effectiveness.

Shirley (1983) as cited by Conway et. al [1] identified six critical strategic decision areas within which a university has to think: basic mission of the institution; the targeted groups to be served; the goals and objectives the institution has to achieve to serve the needs of its clientele; the programs and services offered, prioritized in order to attain the goals and objectives; the geographical domain of the institution; and finally, the comparative advantage sought by the institution over rivals. The addressed critical factors have to be followed by the examination of the use of institutional resources, governance/decision-making structures and the maintenance/development of the institution’s human resources.

Kotler and Murphy [3] claim that most universities are not set up with a strategic planning capacity. They are generally just good at operations, i.e., they are most concerned with “doing things right” rather than “doing the right things”. They claim that the planning in higher education is of three folds: budgeting and scheduling; short-range planning, e.g. recruitment, program modifications; long-range planning. They believe that only a few institutions seem to be doing the latter. Kotler and Murphy stated that “Strategic planning is the process of developing and maintaining a strategic fit between the organization and its changing marketing opportunities”. They then produce a process model which involves the systematic analysis of the external and internal environments which leads to the formulation of the organization’s goals and strategies.

In their article *strategy formation in the university setting* Hardy et al [4] mentioned that planning is the central process, then, strategies have to be formulated. Consequently, structures should be designed to implement the formulated strategies. However, in the university setting, these imperatives stand almost totally at odds with what happens in practice, leading to the conclusion either that universities “have it all wrong” or that the strategy theoreticians do [4]. They also mentioned that due to several reasons, few universities had experience with strategies and strategic management. They realized that when

universities do formulate strategies, they consistently fail to implement them satisfactorily as a result of lack of administrative power, leadership, skill or courage in the face of opposition. Hardly et al. [4] think that the traditional view of strategy – as a plan, or a set of explicit intentions proceeding and controlling actions – is too narrow to permit a satisfactory understanding of strategy formation in the university setting.

Universities are built up from a highly fragmented professional staff. A university consists of multiple groups of experts. They identify themselves mostly with their own discipline, and after that with the academic profession as a whole. According to the literature they are less committed to the organization and, hence, the governing of universities is significantly influenced by these professional groups [4].

Baldrige [2] believed that the most important reasons affecting the implementation of a strategy in a higher education institution is the high level of professionalism that needs work autonomy and freedom from supervision to apply academician's skills and expertise.

Professionals experience divided loyalties between their peers in their discipline nationwide (they highly consider peer evaluation of their work; they feel only colleagues can judge their performance) that may sometimes conflicts with their organization managers, even if they are technically 'superior'. Moreover, strong tensions between professional values and bureaucratic expectations in an organization may exist.

Strategy execution is affected by professional autonomy. A higher education institution is dependent on the attitude of the professionals. They possess the desirable expertise for the development of the strategy and the necessary expertise for the execution of it. Professionals are capable of using this power advantage. Because these professionals are not a homogeneous group, e.g. their interests and wishes can differ per faculty or department, it is difficult to develop and execute a (educational) corporate strategy that takes into account all these different visions. This is made more difficult by the fact that the passion of the professional is related to his discipline and not to the organization. So there is a certain amount of apathy from the side of the professional. These both factors make that the execution of an intended strategy cannot be taken for granted. It is a dynamic process and a source for potential conflict that is worth to research [2].

Kotler and Murphy [3] realized the importance of an academic portfolio strategy which relates to the organization's product/market opportunities, e.g., utilizes the Boston Consulting Group portfolio matrix and applies it to higher education program and they believe that this type of analysis can also be applied to particular subject disciplines. They think that each program has to be discussed in terms of the alternatives broadly outlined for it by its position in the matrix.

As can be seen, these approaches, although having a good deal of merit, tend to emphasize the student as the customer and the course/program as the product. This is only one exchange process that takes place in higher education. Ironically, and in addition, this exchange process involves the production of a service rather than a product and yet many of these approaches, as with those using a tactical perspective, have merely drawn from product marketing [3].

Saudi institutions are now funded by the government. However, in the long run they have to compete for funds from both public and private sectors and also compete for best students to achieve their ambitious visions and missions. Endowments could be a decisive non-governmental financing source. Throughout history, endowment is used to finance elite historical Muslim universities, e.g. Al-Azhar University in Egypt and Ez-Zitouna University in Tunisia. In the modern Saudi Arabia, it is clear that the strong support of the government reduced the endowment contribution to the higher education. On the contrary, we find that in the Western Countries the endowments are the main source of financing the research activities in the universities, e.g., Harvard, Oxford, Cambridge, and many others. However, King Saud University and King Fahd University of Petroleum & Minerals have embarked on an ambitious endowment project that will lead to new frontiers of research and education development.

Some of the surveyed universities established vice rectorates for Development and Quality that could facilitate universities' strategic issues, but without emphasizing on specific issues as strategic (e.g. King Saud University [5]). These rectorates concentrate in processes and procedures made for development and enhancing the quality of performance in all domains of the university business but in a fragmented operational and not strategic manner [5]. Other universities, just like ours, established deanships or offices of quality [6]. They strive to disseminate the culture of quality at the level of colleges and deanships and supervise the implementation of the quality programs in those colleges and deanships. So, they deal mainly with measurement and evaluation, accreditation, strategic planning and quality planning, support and rewards.

Four years ago King Abdulaziz University had established a Center of Strategic Studies to be in charge of preparing and developing strategic studies that facilitates the advancement of link and balance between the educational process, the academic research and community service [7].

Surveying some European and US universities we find other structural experiences that focus directly on the strategic issues. University of Notre Dame has an associate vice president responsible from three directorates, one of them is the Office of Strategic Planning & Institutional Research (OSPIR) which was established in 2009. Its main goal is to design and coordinate the university's strategic planning process, assess progress toward the university's strategic

goals, and interpret strategic information for the University's senior executives [8].

However, the US universities rely on committees rather than structured departments (offices). Cornell University has a center of what is called strategic planning effort. It involved two types of groups. The first one was an eight-person faculty group, at the center, acts as the Strategic Planning Advisory Council (SPAC). That council was charged with developing and writing the strategic plan. All ideas and input were processed through and by that group. Second, there were four working groups (WGs) consisting of a total of 54 faculty, students, and staff, each focused in one of the areas of: Education; Research, Scholarship, and Creativity; Public Engagement; and Organizational Stewardship.

The SPAC brainstormed questions and issues for the four groups, and members of the WGs critically examined in a thorough manner issue (goals) areas and hence, provide detailed input and suggestions to the SPAC [9].

In Southern University at New Orleans the strategic plan was facilitated by a strategic planning committee (a permanent standing committee) made up of a rotating representatives receiving inputs from the entire university family including community representatives. The main issues of the strategic plan are to ensure the university's provision of quality education, service to external communities, and contributions to the economic development of the State of Louisiana [10].

Ultimately, in order to survive, competitive strategies had to be formulated and implanted to fulfil the intended ambitions and satisfy the needs of potential customers (students, researchers, and consultancy seekers). In other words, this sector of higher education needed to become more market focused.

### **3. THE PRESENT ORGANIZATIONAL STRUCTURE for A STRATEGY IMPLEMENTATION AT KFUPM (The Office of Planning & Quality – OPQ)**

Organizing is the process of arranging resources (people, materials, technology *etc.*) together to achieve the organization's strategies and goals. The way in which the various parts of an organization are formally arranged is referred to as the organization structure. It is a system involving the interaction of inputs and outputs. It is characterized by task assignments, workflow, reporting relationships, and communication channels that link together the work of diverse individuals and groups. Any structure must allocate tasks through a division of labor and facilitate the coordination of the performance results. Nevertheless, it should be admitted that there is no one best structure that meets the needs of all circumstances. Organization structures should be viewed as dynamic entities that continuously evolve to respond to changes in technology, processes and environment [11].

The institution's mission statement, in higher education, is considered as the fundamental purpose and guiding principles for behavior. This should include a consideration of the institution's role within the local community and hence the awareness of the variety of publics with which it deals, in order that the "concerns" of the entire different customer have to be handled [1, 12].

The mission statements have to be supported by plans that took account of changing factors that would affect the demand for higher education services and, hence, each institution has to cater of its market share of the potential customers. Guidance to the mission statements is what the institution aims to be and able to afford. It may be a statement of broad objectives and key values, i.e., what the institution does that has a meaning for the stakeholders [13].

The existing organizational structure at KFUPM that is considered as the vehicle for implementing its strategic plan is the Office of Planning & Quality (OPQ), headed by a director who reports directly to the Rector of the university. Despite its importance, unfortunately it is not headed by a full time manager, for quite some time. It was headed by the Dean of the Deanship of Academic Development (DAD), who reports to the vice-rector for Academic Affairs, and whose responsibilities are of operational nature. However this situation has been amended but still the director of OPQ teaches on part-time basis.

The OPQ established as an institutional research unit. Its objective is to handle contemporary concern seeking for improving quality in support of decision making at KFUPM. The scope of OPQ includes research and studies, data collection, and statistical analysis on issues related to quality improvement. The unit is searching for opportunities that will improve performance of the university to support university planning, policy and decisions making. So, we can consider OPQ, to some extent, objectives have strategic nature, however, it is not absolutely strategy focused, and hence, it is characterized by a diverse nature that necessitate its indispensable support by a "Steering Committee for Strategic Planning".

So, the organizational structure of OPQ, besides its strategic steering committee, has two sub-units for strategic planning and process improvement. Examining OPQ sub-unit shows that it actually operates under the direct supervision of a director who is actually responsible from running another organizational sub-unit, i.e., DAD, although, the situation is changed now. It may be, at that time, thought that the sub-structures supervised by both the rector and his vice for academic affair give them strength that empowered them. In the contrary it could be an ambiguous "division of labor" case as well as confusing. Moreover, both dignitaries are overwhelmed by many other responsibilities in-and-out- side the university and some are of regional and international nature, besides running the whole university activities. In fact managing both sub-structures entirely by one director, DAD Dean, subjects him to an extra overload that could affect his overall performance. Nevertheless, the Director of OPQ now is not totally

devoted to the management of unit, but still has a teaching load. However, the structure is now reinforced by a Deputy Director.

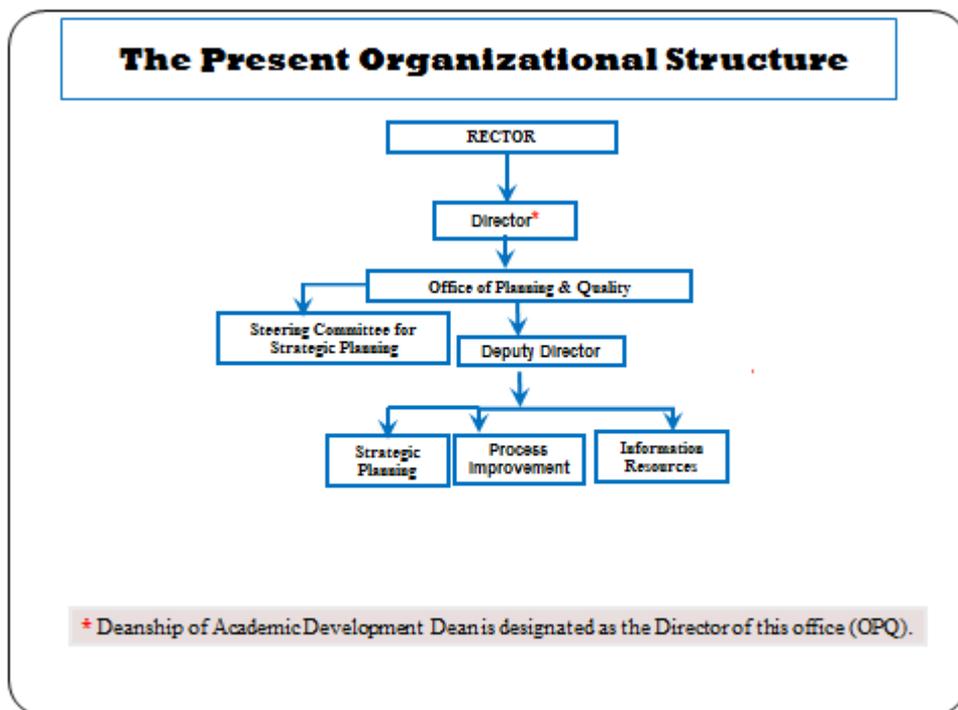


Figure 1: The Present Organizational Structure

#### 4. THE PROPOSED ORGANIZATIONAL STRUCTURE

Higher education institutions' structures are dynamic entities that continuously evolve to respond to the local, regional and international external environment, i.e. technology that necessitate the emergence of new disciplines and labs, the requirements of the stakeholders, the need for extra funds (endowments), ... etc. Consequently the mission of every institution is subjected to amendment and sometime drastically changed.

Looking at KFUPM role in its domain and ambitious mission statement and strategic objectives, should be considered as the fundamental guidance for setting an organizational unit that deals with implementing and controlling these objectives. This should include a consideration of the KFUPM's role within the local community and hence the awareness of the variety of publics with which it deals, in order that the "concerns" of all the different stakeholders have to be maintained. So, KFUPM, as many believe, marketing process should stem from its ambitious mission that should be adapted to its changing environment.

Setting a sub-organizational structure, i.e. Strategy Implementation and Quality

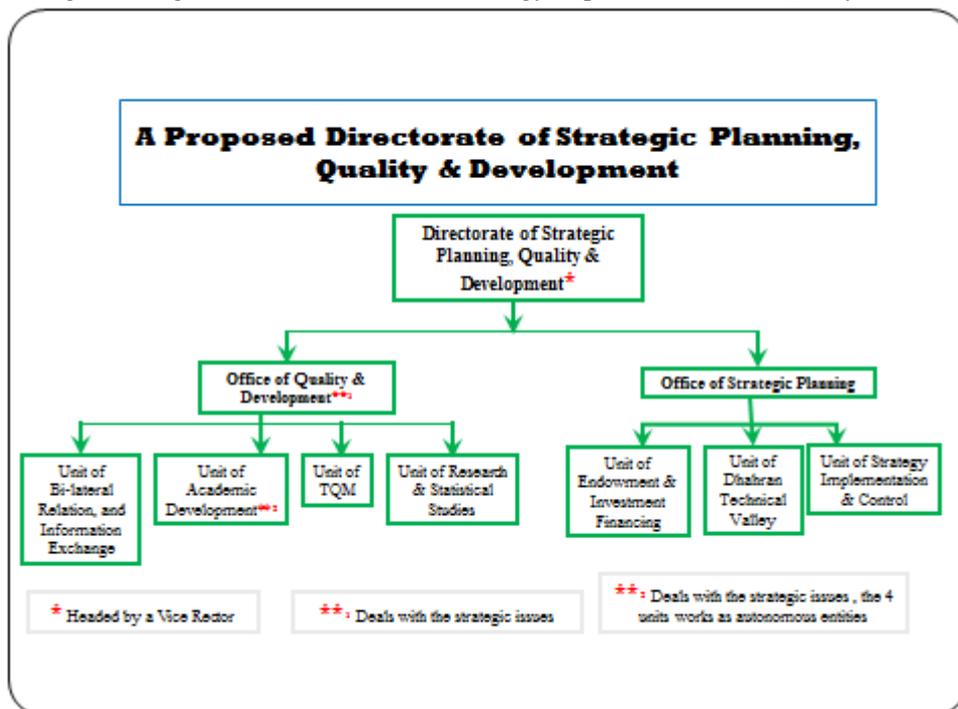


Figure 2: The Proposed Organizational Structure

Directorate, head by a Vice Rector for strategic planning, quality and development, solely devoted to its management and securing its effective position in the whole organization (KFUPM) could be breakthrough move towards activities’ (teaching, research and outreach) excellence. This directorate will be heavily impacted by a number of elements or factors:

- Type of business, e.g., whether it is high tech, labor intensive, production or service (Education in our case);
- Objectives: may include profit maximization, increasing market share and other social objectives (i.e., release competent graduates, enrich research activities, provide community services, release and commercialize patents);
- Size and structure of the organization (i.e., number of enrolled students, academic departments, number of faculty);
- Culture of the organization; and
- Range of responsibility assigned to that sub-organization (Directorate).

It could be realized that the new structure is a hybrid between the old OPQ and DAD. Dad was originally established to help the university community, particularly the faculty members, to increase their effectiveness in teaching and learning, to insure the highest quality in academic programs, and to utilize the latest technologies in teaching. So, it creates a focal point for the emphasis on academic matters such as teaching excellence, program development, quality assurance, and e-Learning at KFUPM through a variety of means such as workshops, discussion forums, seminars, publications, and faculty peer consultation. Its amended nature, as a unit of academic development, could be considered as an embedded sub-structure of the proposed structure to enhance the elements (factors) of concern to the new directorate.

The intent of this structure is to establish an effective and efficient sub-organization that executes and control KFUPM strategic plan. Researchers believe that there is a strong relationship between various characteristics of organizations—including resource inputs, context, rules and regulations, goals, climate, and informal systems—and their effectiveness and efficiency. Efficiency and effectiveness are performance domains that have to be clearly distinguished [14].

Universities operate in multiple domains and may perform well only in a limited number of them. This multidimensional view of performance implies that different configurations (sub-organizations/directorate/units) with different characteristics, and hence, different performance determinants, have to be established in order to achieve the overall organizational objectives.

## **5. Conclusion and Recommendations**

Higher education institutions are characterized by many scholars as professional bureaucracies. According to Mintzberg [15] professional bureaucracy is a functional structure, with cultural processes and self-control as key processes and devolved relationships as the typical relationships. However, we can argue that a higher education institution has a multidivisional structure, separating divisions between different types of education (e.g. into faculties) and research (e.g. into research institutes and centers). We can also imagine that many of the work in higher education institutions are team-based. For example, in practice several people do a research project and this can also be true, though to a lesser extent, for giving a course [16].

In this paper two questions could be raised: What is the suitable organizational configuration that facilitates the implementation and control of KFUPM strategic plans should look like? And what type of relationships between KFUPM sub-units should exist?

It is well known, worldwide, that the typical relationship in a higher education institution is a devolved relationship, which means decision making is delegated

to units lower in the hierarchy, but some functions are centralized (e.g. finance, HRM, schedules). Here a third question could be raised: To which extend certain functions need to be centralized and which need to be devolved? And to be more focused by function we may emphasize the function of implanting and controlling the strategic plans.

Overall, the expectation is that higher education institutions do not have a solely functional structure but also has a multidivisional structure and besides that makes use of teamwork. Regarding organizational processes the expectation is that besides cultural processes and self-control higher education institutions also make use of output processes, such as performance indicators. Strategy implementation and control units have important positions within a higher education institution when it comes to strategic management.

The following recommendations are drawn as a result of the critical examination of existing strategic planning implementation and control at KFUPM:

- Since, the existing organizational structure that deals with the above issue is not appropriate in a competitive environment moving towards a business oriented and self-finance institution, the university is recommended to restructure the existing bodies to handle the competition challenge.
- More work is needed to spread the strategic planning culture at King Fahd University of Petroleum and Minerals and may be other higher education institutions.
- King Fahd University has to widen the scope of the formal study, that has been started recently, to assess the effectiveness of OPQ in implementing the university strategy.
- Ultimately, the OPQ unit needs to be upgraded to a directorate, headed by a vice-Rector that includes the following units: Strategic planning, tactical planning, quality assurance, institutional research, a unit that deals with outsider stakeholders, Scientific Parks, and Endowment.

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