A Strategic Paradigm: Linking Marketing and TQM in Higher Educational Institutions

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Chapter VII: Theoretical Framework and Development III - Organization Internal Issues

Don't rationalize mediocrity

George W. Miller

When all is said and done, a company, its chief executive, and his whole management team are judged by one criterion alone — performance.

Harold Geneen

I. Orientation

This chapter covers the remaining organization internal issues. These include two main topics:

**Figure VII.1. Strategic Paradigm Model, Internal Issues 2**

1. Organization development and management system

2. Evaluation and control

Figure VII.1. shows the part of the Strategic Paradigm Model that will be discussed in this chapter. Figure VII.2. breaks down the main topics into sub-topics.
II. Organization Development and Management System

For an educational institution to become competitive and offer quality education, there is a need to find ways to align the organization’s internal activities to its external demand. Otherwise, the institution’s internal efforts may become totally or partially irrelevant to the external demand, i.e., there will be a considerable waste of effort that does not produce what the market wants. Secondly, the educational institution could become less competitive if its competitors do a better job in their quest for an accurate alignment.

Making an alignment requires close scrutiny in the following four areas:

1. Leadership
2. Staffing for Excellence
3. Performance management
4. Organization structure

First, good leadership is necessary to provide the educational institution with a clear mission and attainable goals. The right staffing will ensure that the organization is able to carry out its tasks with high standards and achieve its goals on time. Additionally, performance management recognizes that different employees' needs will require different kinds of motivation and rewards. Hence, performance management is necessary to ensure that workers are motivated and that their output quality meets the market's expectation. Organization structure affects employee work performance, therefore, the organization structure must be designed in such a way to maximize work output and quality.
II. 1. Leadership

According to van Fleet (1992), any given working group can be divided into five subgroups based on their motivation:

• 5% of the individuals are self-motivated;
• 10% of the individuals must be challenged to develop their full potential;
• 70% of the individuals must be stimulated by competent leadership to do their best;
• 10% of the individuals are difficult to handle and present constant problems;
• 5% of the individuals are completely incorrigible.

As can be seen from the statistics, 85% of the working group is either self-motivated or can be motivated. Also, 85-95% of the work processes in any given organization are under the control of management (Comesky & McCool 1992). Thus, it may be inferred that when the overall students' academic performance is poor and faculty and staff morale is low, management must be willing to accept the responsibility that lack of a good leadership could be the root of the problem. Consequently, in studying the management of an educational institution, leadership must be evaluated first.

The situational leadership theory (Hersey and Blanchard 1974, 1982) is one of the most widely recognized leadership models in the business community and has been used by many multinational corporations to guide their managerial leadership training programs (Robbins 1991). Hence, it may be used to guide education administrators in their quest for effective management as well. The situational leadership theory provides predictability in leadership style. More importantly, contrary to conventional wisdom, the model claims that leadership style is not fixed as is one's personality. Instead, it can be modified when the situation calls for it. According to this model, a successful leadership style is contingent upon the level of the followers' willingness to do their job and the extent of knowledge and skills the workers possess. Thus, when managing employees, the leader tasks are to provide workers with psychological and emotional support if the workers are unwilling to carry out their task and to provide specific work directions if the workers' knowledge and skills are minimum. Based on this concept, the grid shown in Figure VII.3 indicates that leadership style can be divided into four types. These four types of leadership styles correspond with four categories of employees, which are divided based on their willingness and ability to do their jobs. The grid shows which leadership style is most suitable for which type of employees:
1. **Delegating leadership style**

The leader needs to provide little direction or support because workers are competent and confident in carrying out their responsibilities autonomously. Their motivation and ability to do the job act as the substitutes for leadership.

2. **Participating leadership style**

Workers are able but are not motivated to perform their jobs. Thus, the leader and followers share in the decision-making processes with the leader being the facilitator. Sharing decision-making processes tend to increase workers' motivation because it gives the workers more control over their jobs.

3. **Selling leadership style**

Workers are motivated but lack the appropriate skills and knowledge. The leader must use directive and supportive behavior to convince and train them to perform.
4. Telling leadership style

Workers are neither competent nor confident. In this case, the leader is required to use only directive behavior to define and tell workers when, where, and how to do what.

In a higher educational institution where highly specialized knowledge and skills as well as good work motivation are necessary, delegating and participating leadership styles are preferred over selling and telling leadership styles. However, the lower the employee ability and motivation, the more likely the education administrators will have to result to selling or telling leadership style and the higher, the more relaxed the leadership style.

II.2. Staffing for Excellence

“There is no more important task than selecting people for positions at a college or university” (Keller 1983, P. 137). “People decisions are the ultimate - perhaps the only - control of an organization. People determine the performance capacity of an organization.” (Drucker 1990, P. 113, Whetten, & Cameron 1984). This is especially evident for a higher educational institution where lecturers’ specialized knowledge and skills as well as their motivation often help to determine the quality of education, and where the lecturers’ tasks cannot always be concretely defined. Hence, staffing for quality faculty is a fundamental issue. At the same time, in the public sector, there is a tendency for management to add additional workers when one worker is not able to perform his/her job due to poor capabilities (Drucker 1977). “But in knowledge work, two mediocre people do not turn out more than one person capable of performance, let alone twice as much. They tend to get in each other’s way, and to turn out much less than one capable person. In knowledge work, above all, one therefore has to staff from strength” (ibid., P. 274).

In addition, considering that it is very expensive to terminate poor performers in the Netherlands (King 1993), education administrators should establish a strict and uniform hiring policy in order to ensure the quality of faculty and, thus, the quality of education.

Drucker (1990) advises regarding hiring policies:

Don’t start with personality. Don’t start with the usual silly questions such as does he get along with people or does she have initiative? These characteristics may be
meaningful in describing a personality, but they don’t tell you how people perform (ibid., P. 114).

“Effective staffing aims to build on strength, not to avoid weakness” (Drucker 1977, P. 80). A good manager does not simply ask: “How does he get along with me?” The real question should be: “What does he contribute?” While no one could guarantee a magic formula for good staffing, there are three basic requirements in staffing for faculty that will offer better than a random chance to succeed:

1. Superior academic and research credentials;
2. Good teaching skills;
3. Professional attitude.

Superior academic and research credentials, and good teaching skills will ensure workers’ ability to perform their tasks, and professional attitude will ensure that workers are willing to carry out their tasks at a high standard and without close supervision.

II.3. Performance Management

While quality staffing helps to ensure that employees are qualified and motivated to carry out their tasks, effective performance management involves using reward systems to continuously improve employees’ knowledge and skills as well as to keep them motivated in working towards the institution goals. “Performance is the ultimate test of any institution. Every non-profit institution exists for the sake of performance in changing people and society” (Drucker 1990, P. 107). Yet, it seems that among the academia, employee motivation and reward systems are either not widely or poorly adopted. Mason, Lollar, and Resnik (1989) surveyed 142 formal faculty members who left for industry (see Table VII.1). The result revealed that in comparison with the private industry, none of the respondents perceived that rewards for performance and job satisfaction were higher in academics. In fact, only two (personal autonomy and job security) out of the 14 dimensions listed were rated higher for academia. This suggests that higher educational institutions have a real need to improve their performance management. The following are three approaches that may be utilized to improve employee motivation and work performance in educational institutions. Because these are three independent models, the concept behind each model may be used individually or jointly. Secondly, these concepts may be used to motivate both managers and teaching staff.
### Table VII.1. Quality of Life - Industry Versus Academia

<table>
<thead>
<tr>
<th>Dimensions of Reward</th>
<th>Greater in Industry</th>
<th>Greater in Academics</th>
<th>No Difference</th>
<th>Total 100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reward for Performance</td>
<td>115</td>
<td>0</td>
<td>7</td>
<td>6%</td>
</tr>
<tr>
<td>2. Satisfaction with Salary</td>
<td>110</td>
<td>1</td>
<td>11</td>
<td>9%</td>
</tr>
<tr>
<td>3. Personal Contribution to the Organization</td>
<td>102</td>
<td>2</td>
<td>18</td>
<td>15%</td>
</tr>
<tr>
<td>4. Recognition for Accomplishments</td>
<td>94</td>
<td>6</td>
<td>22</td>
<td>18%</td>
</tr>
<tr>
<td>5. Overall Personal Satisfaction</td>
<td>92</td>
<td>12</td>
<td>18</td>
<td>15%</td>
</tr>
<tr>
<td>6. Professional Satisfaction</td>
<td>89</td>
<td>15</td>
<td>18</td>
<td>15%</td>
</tr>
<tr>
<td>7. Mobility</td>
<td>79</td>
<td>17</td>
<td>25</td>
<td>21%</td>
</tr>
<tr>
<td>8. Total Workload</td>
<td>76</td>
<td>10</td>
<td>36</td>
<td>30%</td>
</tr>
<tr>
<td>9. Self-Worth</td>
<td>67</td>
<td>12</td>
<td>40</td>
<td>34%</td>
</tr>
<tr>
<td>10. Status</td>
<td>60</td>
<td>30</td>
<td>31</td>
<td>26%</td>
</tr>
<tr>
<td>11. Contribution to Society</td>
<td>43</td>
<td>27</td>
<td>52</td>
<td>43%</td>
</tr>
<tr>
<td>12. Personal Autonomy</td>
<td>25</td>
<td>76</td>
<td>21</td>
<td>17%</td>
</tr>
<tr>
<td>13. Discrimination</td>
<td>19</td>
<td>18</td>
<td>77</td>
<td>68%</td>
</tr>
<tr>
<td>14. Job Security</td>
<td>13</td>
<td>79</td>
<td>28</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: Mason, Lollar, and Resnik (1989, P. 181)

#### II.3.1. Manage Performance by Utilizing the Appropriate Intrinsic and Extrinsic Rewards

Most of the employee motivation gurus (Herzberg 1959, Maslow 1954, McGregor 1960) agree that intrinsic rewards, such as recognition, achievement, work itself, responsibility, and advancement are effective in improving employee performance. However, debates over whether extrinsic rewards, such as company policy, relationship with supervisor and peers, work condition, salary, will motivate employee work performance abound (Bess 1977, 1982, Kohn 1993, Locke 1980, McKeachie 1982).
Hertzberg argued (Hertzberg, Mausner, & Snyderman 1959) that when employees are dissatisfied, they tend to blame the lack of extrinsic rewards. Nevertheless, the opposite of job satisfaction is not dissatisfaction. Thus, improving dissatisfying extrinsic factors does not mean that employees will become more satisfied.

Table VII.2. Four Motivation Methods to Improve Employee Performance

<table>
<thead>
<tr>
<th>Motivation Method</th>
<th>Performance Improvement in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money</td>
<td>30%</td>
</tr>
<tr>
<td>Job redesign</td>
<td>17%</td>
</tr>
<tr>
<td>Goal setting</td>
<td>16%</td>
</tr>
<tr>
<td>Participation in decision-making</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>

Source: Locke (1980)

Locke (1980) came to a different conclusion. He looked into four motivational methods to improve employee performance: money, goal-setting, participation in decision-making, and job redesign—all but money are intrinsic rewards. Table VII.3 shows Locke’s research data which indicates that money improves performance more than any of the intrinsic rewards. In fact, Locke claims that all of his studies where money was used as a motivator showed some improvement in job performance. This obviously contradicts Herzberg’s theory. Deci and Ryan (1982) clarified this issue by showing in their research that if compensation is used to reflect the extent of employee competence, it symbolizes management recognition (an intrinsic reward), therefore, it increases motivation.

To motivate employees, it seems both intrinsic and extrinsic rewards should be utilized. Furthermore, the extrinsic reward should symbolize the fulfillment of an intrinsic factor.

II.3.2. Manage Performance by Recognizing that There Are Three Types of Workers

One of the most pronounced motivation experts, McClelland (1961, 1975), proposes that there are three kinds of workers based on three different needs (Three Needs Theory):
• **Need for Achievement (nAch)**

Individuals with a need for achievement tend to be motivated if they are given personal responsibility, clear and consistent feedback, and moderate risks. Research shows (McClelland & Winter 1969) that those with high nAch are more successful in entrepreneurial activities, managing an autonomous profit center, or a SBU in a large corporation. However, people who are high on nAch are more interested in doing well personally and are not so interested in getting others to do well also.

In recent years, management authors, such as Drucker (1977, 1993), Lawton and Rose (1994), Dalziel and Schoonover (1988), have advocated that modern managers, including those in the public sector, should be as much of an entrepreneur as a manager. Further, they believe that high nAch can be taught. Thus, some management training programs are geared towards teaching individuals to become high achievers.

• **Need for Power (nPow)**

Individuals with high nPow are motivated by the opportunities and the ability to influence others. However, less research has been done on nPow or nAff (need for affiliation). Some existing research questions whether individuals with high nPow are more likely to become managers, or is it simply that managers need to have more power and therefore, more of them show high nPow.

• **Need for Affiliation (nAff)**

Individuals with high nAff are motivated by the prospect of a certain action or decision leading to group acceptance or personal popularity. Thus, these individuals seek opportunities to be accepted and approved by their peers. Research shows that a good manager has low nAff (Boyatzis 1984). This makes sense as leaders who are overly concerned with being one of the fellow men/women tend to make decisions based on what makes them popular and not what decisions give the best tangible results.

Recognizing that there are three types of workers who show three different inclinations allow education administrators to motivate their staff by placing them in the appropriate job category. In addition, all three types of workers can be motivated by using intrinsic and extrinsic rewards.
II.3.3. Manage Performance by Using Performance Evaluation

Another way to improve work performance is to use performance evaluation. Performance evaluation may be used to assess employees' work output and their individual contribution to determine reward allocation (Robbins 1991). It can also be used to provide performance feedback, and to determine training needs. Table VII.3 shows the reasons for using performance evaluations from a survey of 600 organizations.

Table VII.3. Purposes of Performance Evaluation

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>To determine compensation</td>
<td>85.6%</td>
</tr>
<tr>
<td>To provide performance feedback</td>
<td>65.1%</td>
</tr>
<tr>
<td>To determine training needs</td>
<td>64.3%</td>
</tr>
<tr>
<td>To determine promotion potential</td>
<td>45.3%</td>
</tr>
<tr>
<td>To be used for personnel planning</td>
<td>43.1%</td>
</tr>
<tr>
<td>To determine employees retention and/or discharge</td>
<td>30.3%</td>
</tr>
<tr>
<td>To be used for research purpose</td>
<td>17.2%</td>
</tr>
</tbody>
</table>

Once the purpose of performance evaluation has been determined, a set of performance evaluation criteria that are related to the job itself should be set. For teaching staff, there are four areas that can be evaluated:

- Knowledge and skills, i.e., general and specialized knowledge, real world experience, analytical, problem-solving, interpersonal communication, research and teaching skills.

- Performance outcome, i.e., the quality of teaching or managing, research and publication, as well as the tangible contribution to the institution.

- Behavior and attitude, i.e., punctuality, dependability, conscientiousness, willingness to take responsibility for one's own work, willingness to be a learner, etc.

- Personality traits, i.e., confidence, intelligence, optimism, etc.

Performance evaluation could include written essays, rating scales on the above listed criteria, and identification of critical incidents, e.g., What specific behaviors make teaching effective? Using the above criteria to evaluate work
performance will help to pinpoint the employee's strengths, deficiencies, and training needs. However, the effectiveness of a performance evaluation may be limited if it is used without appropriate follow-up procedures. Employees who are deficient in certain areas should be made accountable for a timely improvement. In addition to accountability, intrinsic and extrinsic rewards should be administered to encourage improvement.

II.3. Organization Design

In order to accommodate today's environment in which there is a real need for a specialized expertise, more and more organizations require well-trained professionals. Thus, a whole generation of "professional bureaucracy" has developed (Mintzberg 1983). This type of organizations usually operate relatively autonomously. Higher educational institutions with highly qualified employees fall into this category.

II.3.1. Professional Bureaucracy

Mintzberg proposes five elements in a professional bureaucracy:

- The operating core is the faculty who performs the work related to the production of education services.
- The strategic apex is the top education administrators who are in charge of the overall responsibility of the educational institution.
- The middle line are the department heads who connect the operating core to the strategic apex;
- The technostructure are the analysts who provide information and analysis for management decision-making, such as individuals who perform research on student recruitment and alumni activities.
- The supporting staff are those who provide supporting services for the operating core, such as: administrative, financial, and computer services.

A professional bureaucracy has a centralized structure with the majority of the employees being professionals who possess specialized knowledge and skills. The number of middle line and technostructure is reduced to a minimum. There is an elaborate supporting staff, and their primary function is to serve the operating core. Because the organization structure revolves around the "operating core", much needed support is available. This leaves
the operating core with time and space to concentrating on doing its job. Secondly, the operating core is a highly trained group of individuals, hence, the need for close supervision is minimal. This reduces the need for numerous managers or multiple layers of management.

II.3.2. The Inverted Pyramid

In addition to the idea of a professional bureaucracy, another organization concept, the ‘inverted pyramid’ (Austin 1993), is helpful in designing a highly effective professional organization for higher educational institutions. To serve customers well, the ‘inverted pyramid’ proposes that the front-line employees or the operating core should occupy the top of the organization hierarchy (see Figure VII.3). The strategic apex, the ‘middle line’, and the supporting staff are to support the operating core. Consequently, they should occupy the lower section of the organization hierarchy.

This concept revolutionizes the traditional mentality in two ways: First, employees do not perform to serve their bosses — they perform to serve their customers. Secondly, bosses do not work to be served; they work to provide support for their employees. In essence, the inverted pyramid is a conceptual organization structure that helps educational institutions align their priorities, goals, and superior and subordinate relationships. Furthermore, it helps education administrators, faculty and staff see themselves in a different light — students' needs, not the needs of education administrators, are the focus.

III. Evaluation and Control

The quality of work performance and its outcomes must be evaluated and controlled if the educational institution expects systematic improvement over time. However, quality should not be measured against a set of subjective criteria that do not determine the success of the organization. For instance,
“a friendly social environment” or “teamwork spirit” do not equal quality work. A cohesive group with mediocre norms may be friendly and show team spirit, but it will not produce quality work. Higher educational institutions must be crystal clear about what student education needs are and in turn, what the institution is trying to achieve. Quality must be measured against these criteria.

Drucker (1974) gives some advice on management evaluation and controls:

1. Control must be built into the work processes to reduce the afterthought control. For example, the first control gate for faculty performance is the hiring policy. A good hiring policy minimizes mediocre performance. To control the quality of recruitment, faculty performance and turnover rate should be evaluated periodically to review whether the hiring policy is adequate.

2. Controls should be related to the core business of the organization, its goals and objectives, and strategy. This means that controls for education quality and academic standards must take priority and are essential to ensuring the overall success of the educational institution.

3. Controls should be carried out frequently enough to reflect possible problems and at the same time, they should not be so frequent that all they do is increase paperwork.

4. Controls must focus on action instead of information.

5. The ultimate controls of an organization are rewards and punishments, incentives and deterrents, expressed in quantifiable terms. Essentially, they are “the ground of behavior and the cause of action” (Drucker 1974, P. 411).

The following are some suggested areas for which annual control could be critical:

1. Organization annual goals:

Goals attainment tells the management the overall performance of the educational institution. Although failing in attaining goals does not point to what the problems are, it does allow education administrators to ask critical questions which will help them detect problem areas.
2. Annual competition assessment (reference Chapter V, Section III.2.2., Table V.2. “Resource and Strategy of Major Competitors”):

By using the items listed in Table V.2. to assess major competitors, it helps the educational institution keep track of the competitors' strengths and weaknesses. Such strengths and weaknesses are important in evaluating the educational institution's own market position and in designing the marketing strategy.

3. Annual assessment of the educational institution’s competitive advantage (Reference Chapter V. Section III.3, Table V.3. “Elements of Competitive Advantage in a Higher Educational Institution”):

The assessment of the competitive advantage provides an insight into the competitive ability and the market position of the educational institution. This allows the educational institution to make appropriate improvements in order to ensure the organization's market readiness.

4. Measure quality consciousness (reference Chapter VI, Section II.2.5., Point 3):

Low rating on quality consciousness is a good indication that the organization is facing a very serious problem. A low rating in a particular quality dimension provides the educational institution with the possible areas in which the problem lies.

It should be noted that not all evaluation methods pinpoint the problem areas. For example, student grades merely indicate students' good or poor performance, they do not provide the reason(s) that contributed to the poor performance. Still, this data is valuable because it allows the institution to ask more questions, e.g., "Is poor performance limited to certain classes or is it a general phenomena?" "Is poor performance due to poor quality incoming students or poor teaching performance?" In addition, many organization performance evaluations are interrelated. Thus, detecting one questionable area could lead to investigation in many others. For instance, the success of recruiting and admissions depends on the quality of students recruited. The success of education depends on the quality of faculty knowledge and teaching skills, the quality of student performance, and the quality of course materials. The success of organization depends on the quality of management and its ability to lead and support the faculty and staff in carrying out their tasks. Hence, if education quality is in question, the
institution must evaluate not only the faculty and the teaching materials, it must also look into the recruiting process and the management competency.