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ABSTRACT

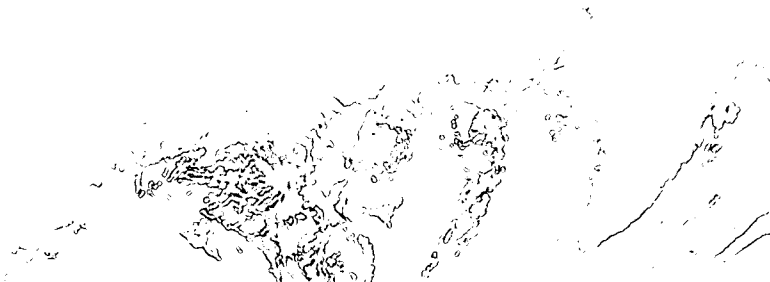
This book offers an opportunity to look in depth at the nature of changes in further education (FE) in Britain and how change has been managed: the drivers, the challenges, the constraints, the costs, and the meaning for all those involved in FE. "Introduction: Themes in the Management of Change in Further Education" (Rosalind Levacic) provides an overview of the five studies contained in the book. "Introduction" (Ruth Gee) sets the scene by outlining the main features of the changes brought about by incorporation. "The Management of Strategic Planning in FE Colleges" (Stephen Drodge, Neville Cooper), the first study, examines how the internal process of strategic management has been developed in three quite different colleges. "Strategic Management and Competitive Advantage: A Systems Approach" (Nigel Bassett-Jones, Robert Brewer) investigates how 14 colleges in 3 different areas have responded strategically to increased competition and intensified pressure to cut costs. "Managing for Learning after Incorporation" (Nigel Bennett, Lesley Hagon) examines the learning or "product" strategy of three colleges. "Introducing New Contracts: Managing Change in the Context of an Enterprise Culture" (Pam Hewitt, Megan Crawford) show how different are the perspectives on change of senior managers, middle managers, and lecturers. "Institutional Boundary Management: Experiences of Scottish Colleges Since Incorporation" (Ian Finlay, Sheena Holmes, Lesley Kydd) investigates an apparently paradoxical phenomenon--the spur to interorganizational cooperation created by a more competitive environment and greater institutional autonomy. (YLB)

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# Managing change in further education

Edited by Rosalind Levačić and Ron Glatter



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# DEVELOPING FE

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# Managing change in further education

Edited by Rosalind Levačić and Ron Glatter



DEVELOPING FE

FEDA report

**Vol 1 Number 7**

## **Developing FE (FEDA Reports)**

**Developing FE** is a new series produced by the Further Education Development Agency (FEDA). Each issue focuses on a single theme and is a key reference text for those involved with the management and delivery of post-compulsory education. There will be ten issues in each volume.

*Note: All names of colleges cited in the case studies in this publication have been changed. The names given here do not imply a connection with any educational establishment, past, present, or future, which may bear a similar name.*

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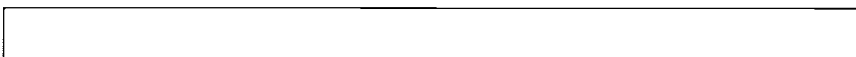
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# Foreword



## Ursula Howard

In February 1991, newspaper headlines heralded the changes to further education (FE) which were to be outlined in the May White Paper with phrases like 'FE comes of age', and 'FE colleges to be set free'. But no independence or liberation comes without great effort and struggle, even if it is handed down by Government policy and called 'incorporation'. Once removed from local authority control, FE colleges were responsible for themselves, but at the same time subject to a whole range of tests which it was essential they passed. These included a new inspection regime, new frameworks for strategic and business planning in a mission-led culture, pressure to move staff to new contracts, audit requirements, the introduction of new national qualifications, multiple quality assurance arrangements and a set of new partners (such as TECs) as change in other government departments impacted on FE. These changes coincided with the challenges to colleges to serve new, excluded communities; to contribute to National Targets for Education and Training and to

introduce new technologies into the teaching and learning environment and the management infrastructure.

Seen from a historical perspective, all these demands moved in on FE at the same moment: a revolution in one, underpublicised and under-researched sector of education. FE responded. Overall change has been managed by colleges successfully. The sector has grown substantially within a tight financial framework which has coupled effectiveness with efficiency in a highly competitive environment. College cultures are moving forward to meet the challenges of the new frameworks and systems. For over five years, change in FE has been so rapid and fundamental that pause for reflection and analysis has been, for those at the eye of the storm, extremely difficult. This book offers an opportunity to look in depth, with dispassion, at the nature of these changes and how change has been managed: the drivers, the challenges, the patterns, the constraints, the costs and the meaning for all those involved in the business of FE.

There is much evidence in this book of the diversity of FE and of the different ways colleges have responded to changes and enacted change. There is evidence here, and elsewhere, that success in all the different spheres of change, has also been uneven. The demands of 'more and better for less' have seen some colleges displaying great ingenuity and business acumen. Some have struggled to survive. The difference, it has been argued, is good management. This book provides much detailed evidence, based on case studies and comparative analysis, of how the management of change has operated in the sector since incorporation in its broad context. The studies are rooted in practice but also constitute a challenge to improve effective leadership, management and governance across the sector. FE now needs to embark on a period of sustained reflection of management practice, based in the real world of strategic and day-to-day decision-making — with the interests of learners as the organising principle.

FEDA is delighted to publish this book as an important contribution to the start of the second phase of FE's development since incorporation.



This phase is marked by three key factors. First, a new approach to best practice and quality, in which self-assessment is central to organisational development and improvement. Self-assessment demands collective reflection, an evaluative, self-critical mindset involving all stakeholders from which a clear sense of priorities and purpose can emerge. Secondly, the likelihood of a slowdown in funding for growth at precisely the moment when colleges are asked to widen participation to new excluded groups, to work more effectively with employers and to embrace the concept of ‘inclusive learning’ to end the negative categorisation of those with learning difficulties and disabilities. FE is asked to implement the recommendations of Dearing’s review of 16-19 qualifications, to rethink its relationship to HE and to continue to contribute to the skills base to improve the UK’s competitiveness. Thirdly, the new phase is marked by a shift in emphasis from college-against-college competition to co-operation and partnership. This new spirit has been growing in colleges, but is also fostered by initiatives such as the Competitiveness Fund which promote collaborative working.

This book is a very timely intervention. It makes sense of the first phase — mistakes as well as successes — in order to learn what we need to learn for the future. It coincides with FEDA’s launch of a major new initiative in management and organisation development for FE, to help colleges to meet the challenges ahead. In the new FE environment, the development of managers at all levels in an organisation will be more important than ever. We need new management paradigms within which new visions, new environments and new practices in the learning business can be developed, but also need to work, pragmatically, from best practice, seeking to develop what has been achieved in the sector since incorporation. Under the banner of FLAGSHIP (Further Education Leadership and Governance), FEDA too is changing, working with partners in the sector to grow our management vision and capability to meet the needs ahead.

Finally, FE has been a key site for change management in the 1990s from which many managers in different sectors can learn. We are therefore confident that this book, focused on FE but contextualised in management and organisational theory, will be highly relevant to organisations facing comparable challenges, in both public and private sectors.

Ursula Howard

FEDA Director, Research and Information

*If you would like further information about FEDA's FLAGSHIP programme, please contact Sue Brownlow, Head of Institutional Development and Performance at FEDA.*

# Chapter 1

## Introduction: themes in the management of change in further education

**Rosalind Levačić**

The incorporation of colleges in April 1992 induced, as intended, major changes in educational provision and management in the further education (FE) sector. While incorporation intensified trends already present, it nevertheless has had a major impact in making colleges more market driven, cost conscious and consumer oriented. Because of the significance of these changes and the dearth of research on the FE sector in Britain, the Centre for Educational Policy and Management at the Open University (CEPAM) decided to allocate some of its Higher Education Funding Council (HEFC) research budget to researching this sector. CEPAM adopted a collaborative model of research in which members of the Centre worked with associate staff of the Open University to undertake five sets of case studies on the management of change in further education. All our collaborators themselves work in further education, or have experience of the sector. One of the collaborations was particularly innovative in that it involved nine parallel case studies of organisational partnerships conducted by associate researchers as part of their studies at the Scottish School of

Further Education (Chapter 7). In this way CEPAM has been able to promote research FE personnel on their own sector.

The major theme of this book is strategies for the management of change in the FE sector. The studies, which include colleges in England, Scotland and Wales, illustrate how the nature of an innovation interacts with the characteristics of the organisational setting and the external environment to shape its local implementation and institutionalisation. The five studies span:

- strategic management as an internal process (Drodge and Cooper)
- strategic management in relation to competitive advantage (Bassett-Jones and Brewer)
- the management of learning (Bennett and Hagon)
- human resource management (Hewitt and Crawford)
- boundary management (Finlay, Holmes and Kydd)

One of the themes running through the studies is that all these aspects of management are interrelated. Increased competition, pressures for cost-effectiveness emanating from the FEFC, changes in labour market skill requirements and in the expectations held by and for learners all interact to force colleges to pay greater attention to strategic management. This, in its turn, requires the integration of strategies for student and staff learning, the marshalling of resources and the proactive management of the external environment. Two other major themes emerge from these studies. First, there are both commonalities and differences in the ways colleges have been affected by and have responded to the changes intensified by incorporation. Secondly, there are several distinct broad approaches to the strategic management of change which the colleges studied illustrate.

## An overview of the studies

The book opens with Ruth Gee setting the scene by outlining the main features of the changes brought about by incorporation. Colleges were given institutional autonomy within an environment of student choice, cost constraints and central regulation which expects colleges to provide value for money. These changes were not only significant and extensive but were to take place in colleges which started from very different baselines. Colleges responded with either enthusiasm or reluctance but Ruth Gee notes that there is encouraging evidence that colleges are becoming more effective in meeting a wider and more diverse range of learners' needs.

The first study by Drodge and Cooper examines how the internal process of strategic management has been developed in three quite different colleges. They conclude that, from a senior and middle management perspective, strategic planning has become more than lip service to the FEFC. It has created a better structured and more consistent planning process, increased staff participation, enhanced awareness of catering for a wider range of student needs and put more pressure on staff to be accountable for performance. However, the way the process is undertaken by senior management and staff is highly dependent on leadership style and organisational culture.

In the next study Bassett-Jones and Brewer, using questionnaire and interview data, investigate how 14 colleges in three different areas have responded strategically to increased competition and intensified pressure to cut costs. Following Porter (1985), a college's strategy for securing competitive advantage can be classified as broad cost leadership, product differentiation or narrow product focus. Both external conditions and internal management responses, analysed in terms of Beer's (1979) viable systems model, determine the type and success of the competitive advantage strategy adopted. Contrasts are drawn between a cost-cutting strategy focused on creating a core-periphery model of a cadre of full-time staff supplemented by a large force of part timers and a strategy focused on product quality achieved

in part through maintaining a largely full-time staff. College vignettes illustrate these different approaches.

Bennett and Hagon's study examines the learning or 'product' strategy of three colleges. Their findings support those of the first two studies in reporting common pressures for colleges to respond to a more competitive environment and to create learner-driven provision. These commonalities are accompanied by different structural and HRM responses, again depending on leadership style and organisational culture. This study shows how a college's strategic planning, its management of learning, decision-making structures and human resource management are closely interrelated.

Financial pressures, together with the development of more flexible learning technologies, have had a profound impact on the work of lecturers, centring in particular on the renegotiation or imposition of new employment contracts. This has been a particularly fraught issue which has made research access difficult to obtain. Hewitt and Crawford, using evidence from interviewing staff at different levels in five colleges all of which claim to practise open management, show how different are the perspectives on change of senior managers, middle managers and lecturers. This reinforces Fullan's (1991) point that those managing change need to take account of the different subjective realities of the people affected.

In the final study Finlay, Holmes and Kydd investigate an apparently paradoxical phenomenon — the spur to inter-organisational co-operation created by a more competitive environment and greater institutional autonomy. From nine case studies of different partnership arrangements between schools, colleges and universities, the authors conclude that the main incentives to organisational co-operation are to reduce uncertainty and secure resources. Mostly these partnerships are symbiotic (i.e. between organisations which are not in direct competition but which operate at different stages in the production process) and involve only moderate co-operation. Universities tend to be the more powerful partners and there is little evidence of evolution

from limited partnerships to broad systemic networks. The authors conclude that the evidence indicates that these partnerships are not restrictive cartels: students benefit from these arrangements in terms of greater choice if not higher standards.

## **Management of change strategies**

A limited number of distinct management of change strategies emerge from these studies. The three broad change strategies labelled power-coercive, empirical-rational and normative-re-educative and identified nearly 30 years ago by Bennis, Benne and Chin (1969) are still highly salient. As Drodge and Cooper report, strategic management is more than a documented plan drawn up to satisfy the FEFC. It is a key process by which senior management articulates a vision and direction for the college and seeks to make this operational. How this is done reflects the management style of the principal, the existing culture of the college and the organisational culture the principal and senior management wish to create. One of the colleges studied by Drodge and Cooper adopted a normative-re-educative strategy, in which the principal attempted to promote the values of the learning organisation ideal through staff empowerment in decision-making. The other two colleges adopted an empirical-rational approach in which senior management determine the vision and direction and then persuade the staff to follow it. Bennett and Hagon also report that one of the three colleges studied adopted the normative-re-educative strategy for changing its learning provision, while the other two used an empirical-rational approach, combined in one case with an element of power-coercion. Hewitt and Crawford also found these three strategies in use, with more emphasis placed on the empirical-rational and power-coercive approaches.

As Drodge and Cooper suggest, the type of broad change strategy adopted is intimately linked to the kind of strategic planning which is undertaken. A deliberative, rational approach in which plans are made with the expectation that staff will stick to them and execute them

requires either power-coercion or the empirical-rational strategy. The normative-re-educative approach is associated with evolutionary strategic planning through which senior management articulates the vision and provides direction but implementation depends on how staff interpret the strategic plan and respond to opportunities and constraints as they arise. This approach is much more in tune with the ideal of the learning organisation in which individual staff at all levels have discretion to develop their work as they think best fulfils the purpose of the organisation and are supported by the organisation in their learning. An important aspect of the learning organisation is that many staff have discretion to act as 'boundary spanners'. This is illustrated in Finlay, Holmes and Kydd's study, which found that inter-organisational partnerships depend on informal links between lecturers. College approaches to new contracts and to developing the core-periphery model of staffing are also associated with the different Bennis, Benne and Chin models of change.

Taken severally and together the five studies illustrate the applicability of Fullan's (1991) key elements in successful change management:

- building and communicating a vision which is a key role of senior management (as found by Drodge and Cooper)
- evolutionary planning which is associated with a normative-re-educative approach to change management (Drodge and Cooper)
- restructuring where this is necessary (Bennett and Hagon's colleges had considerable staff changes and restructuring)
- taking into account the different subjective realities of organisational members (Hewitt and Crawford). This is associated again with evolutionary planning and staff empowerment

In addition there is the importance of responding pro-actively to the external environment, required for successful competitive advantage



strategies and inter-organisational partnerships (Bassett-Jones and Brewer, and Finlay *et al.*).

Research into the management of change in the FE sector is important, both because the sector is crucial to creating a learning society and because it provides an excellent setting for the general study of change management in organisations. This collection of case studies is offered as a contribution to this research.

Rosalind Levačić

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# Chapter 2

## Introduction

### Ruth Gee

*A tolerance for ambiguity will be success tool number one for line workers, politicians and corporate chiefs alike.*

*Tom Peters*

Richard Reich, Secretary of State for Labour in the United States Government and a Harvard scholar, tells the story of a frog which if dropped into hot water will leap for freedom and its life. The same frog if put into cold water with the heat of the water gradually increased, will struggle consistently, become increasingly agitated and disillusioned as with each increase in heat he becomes unable to function and eventually dies.

The Further and Higher Education Act (1992) was the equivalent of that pan of hot water for colleges of further education. It imposed a sudden transformation of climate and the leap that was required was enormous.

Many colleges were long-established educational institutions, set up at the time of the late Victorian Whiskey Acts as technical institutes and developed to meet the differing needs of their local communities. They developed strong links with employers particularly through day-release courses and 'evening classes', for a wide range of vocational and professional courses at all levels. They became used to enrolling all students who wished to come to them, and responding to the needs identified for them by their later local education authorities (LEAs).

By the early 1990s, the 119 LEAs in England and Wales each had different priorities for their colleges, within various structural frameworks. Some supported a tertiary college system embracing all post-16 provision, others retained 11-18 schools, and yet others had a hybrid system which accommodated a number of these models within their geographical area. In England alongside the 223 general FE, 64 tertiary colleges and the 117 sixth-form colleges were the 35 specialist colleges for agriculture and 13 other specialisms — art and design, music and dance — with a more regional and occasionally national catchment area. But in essence it was the LEA which dictated the size, shape, character, status and funding of its college or colleges.

Some were generously funded, others squeezed as a low priority; most occupied poor and badly maintained buildings although a few benefited from capital investment: all had governing bodies controlled by the LEA and all had principals appointed by the LEA to administer the college on its behalf. While this was starting to change with the introduction of local management of colleges in 1989 and principals were beginning to exercise a degree of managerial responsibility, the impact had been small by the time of incorporation.

No-one should underestimate the shock to the system in 1993. Although I say system, as I have indicated there was not really a national system. Apart from the diverse models of provision and the widely different levels of funding, there had been no systematic policy development at a national level and there was a dearth of information

from research, both basic and strategic. The chapters which follow are part of an attempt to remedy that deficiency.

The Further and Higher Education Act conferred enormous power upon individual colleges operating within a national framework. The statutory framework was different within the countries of the UK and in the case of Northern Ireland the 23 colleges, (now 17) were not to be incorporated. The English colleges were made responsible to a single funding Council for England, the FEFC(E) and the 26 Welsh colleges to a joint Council for funding further and higher education in Wales, the FEFCW. In Scotland the 43 colleges were made responsible to a unit within the SOED. In every country however, the colleges were made accountable through the funding body for a set of imperatives laid down by the Secretary of State for Education. The statutory role of the LEA was removed and any college which wished to retain a link with its former master did so on a voluntary basis, as part of its agreed institutional mission.

The focus of responsibility at institutional level became the college corporation. It was charged with a set of responsibilities, a number of which it was unable to delegate. These were the determination of the educational character of the college; the approval of annual estimates; the ensurance of solvency; and the appointment or dismissal of the chief executive. Nor could the corporation modify or revoke its articles of government, without the approval of the Secretary of State.

The principal became a chief executive overnight. A third of them have now left, primarily because they found themselves doing a different kind of job from that to which they had originally been appointed. The new role involved executive functions, emanating from their power and responsibility to provide further, and in some cases higher, education. The enlarged arena of accountability to the corporation, the government quangos, external agencies and employers as well as to the student body and community required a different organisational culture and management approach.

Former collaborative arrangements between colleges within the same LEA were severed at a stroke, and a competitive market-place philosophy replaced them. Government required an expansion of student numbers with a target of 25% in three years, increased efficiency through a complex funding methodology designed to produce convergence of funding levels to a new low national norm (in England familiarly known as ALF — the average level of funding) and an ability to demonstrate that the college was contributing to the economic success of its locality and hence the nation.

The strategy and tactics for the delivery of the three 'Es' — expansion, efficiency and economic stimulation — were apparently to be left to colleges. The relationships between the institutional, and the national were set. FEFC(E) described themselves as offering a 'light steer'.

The intention of the Government was that the ethics and practice of 'the world of business' should now dominate. College corporations had, by statute, to have a majority of independent individuals from the world of business, commerce and the professions. Some had been involved with colleges previously, most had not. They brought an energy and drive, welcome to some and intimidating to others. On the whole they were men and the equal opportunity balance encouraged by many LEAs previously was lost. Staff and student representatives were optional and only a half chose to include staff representatives, with a much smaller percentage opting to appoint student governors. By comparison, it was a requirement that each corporation should appoint a TEC member.

This new environment was received with enthusiasm or reluctance. Just as there was no intermediary between institutional and national levels for policy development, so there was no intermediate mood amongst those involved in the colleges.

The Government promised freedom from control and institutional autonomy, student choice within demand-led provision. They required better value for money and increased efficiency from all concerned.

The new managerialism was accompanied by the need to review staff contracts. The corporation was responsible for the appointment, grading, suspension, dismissal and determination of pay and conditions for a small number of designated senior post holders and for the framework for pay and conditions of other staff. It fell to the chief executive to determine the implementation of the new contractual framework. One of the chapters comments on the research undertaken into managing the introduction of new contracts. But it is worth stressing here the environment in which that was done. While colleges were free to act locally, there was a strong collective wish to negotiate pay and conditions nationally and the Colleges Employers Forum was set up as a sector-owned organisation to do that task on its behalf. It was charged with the power to negotiate on behalf of all member colleges — the overwhelming majority — although they could only recommend action to individual corporations for their decision and implementation at a local level.

There was a history of negotiations at a national level for pay and conditions and a philosophical desire to maintain that approach. Additionally there was a recognition that to negotiate locally would involve additional resources and expertise which was initially missing. The CEF was conceived as offering a practical route to delivering the policy wanted. In the event a national environment of conflict was generated, but it had to be managed locally. Some conflict and tension was inevitable as colleges sought to change contractual conditions out of step with the service needs and resource constraints of the 1990s. Whether the degree of antagonism which was generated was inevitable is another matter. The Government imposed the necessary introduction of new teaching staff contracts as a condition of funding and the 'stick' approach to levering change became established.

In other respects too, the light steer of the funding councils assumed a different mantle. In the typology of Bennis *et al.* (1985) used by Bennett and Hagon (Chapter 5) discussed later, the power-coercive strategy adopted a stranglehold.

It is worth just recognising the various conditions of funding which now exist within the FEFC sector. All colleges must demonstrate that they have a robust strategic plan, which includes a three-year financial forecast and has to be approved by the local Training and Enterprise Council (TEC). They must have a college charter which answers to the needs of the students, the employers and the community. They must have a learner agreement signed by each individual student, full time or part time, which records student aspirations and learning outcomes. They must have in place a disability statement and the mechanisms of accountability are legion — an individual student record system giving regular data returns on all students, internal and external auditors, FEFC audit checks as well as checks from the National Audit Office and EU auditors if they are in receipt of European funding. It is little wonder that the Nolan Committee Stage 2 reported on the ‘high degree of regulation’. Compare the requirements above to those placed upon universities and they are harsh indeed. Universities are encouraged to comply, FE colleges are required to do so, lest their main source of funding be stopped.

The chapters which follow describe the research undertaken to test the degree of change since 1993. They make interesting reading. It is worth noting that in many cases the rhetoric of what was happening did not match practice on the ground. While there were national trends in respect to aims and planned outcomes, the local strategies adopted for implementation reflected the needs of the local institutional culture and the nature of the leadership exercised by the chief executive. Collaboration, especially outside the local environment, is becoming more common as colleges gain in self-confidence and maturity, recognising the need to operate in collaboration, within a competitive framework.

It is encouraging to learn that within the increasingly complex world of further education with multi-faceted demands and the imposition of a strong regulatory framework, one pair of writers found that in implementing change all colleges became more student-centred. One of

the Government's objectives was to increase student choice, and on the evidence presented here, this appears to be being achieved. That is an important achievement, for within the machinations of 'bureaucratic entrepreneurialism', there has been much time and energy devoted to structural change and a concentration on the business practice of the market-place.

Over the period the student body had changed becoming yet more diverse so that 60% of all students are now adults, of whom 17% were studying full time for a full year in 1995. Only 30% are 16-18 years old and less than one per cent are under 16.

It is important that all their needs are met and it is encouraging to report the findings of the FEFC inspectorate that, of the 208 colleges whose quality had been assessed by June 1995, over 60% of provision was identified to have 'strengths which clearly outweigh the weaknesses' and over 90% to have 'a balance of strengths and weaknesses'.

Colleges have a number of traditional strengths which include their diversity (of location, student body and curriculum), their responsiveness (particularly to employers) and their inclusiveness. They welcome all abilities rather than select them for entry. There are more students in colleges than all universities and school sixth forms combined. That their needs should continue to be embraced at whatever the level of study is paramount. This book stands in part as testimony to that achievement, although it recognises that there are a variety of models for planning and implementation and that 'tolerance for ambiguity' which Tom Peters so rightly applauds.



# Chapter 3

## The management of strategic planning in FE colleges



**Stephen Drodge and Neville Cooper**

### Introduction

This is a report of an investigation into how colleges manage their strategic planning in the context created by the incorporation of the FE sector.

The operational environment of FE colleges has changed dramatically in recent years. Throughout the 1980s colleges grew more market-orientated, commercial and competitive, responding to stimuli from government and its agencies, particularly the Manpower Services Commission (MSC) and its successors. This process took a further step with increased financial autonomy under the Education Reform Act (1988), and a huge leap with the creation of the FE sector through the Further and Higher Education Act (1992), realised at incorporation.

Growing independence, culminating in the incorporation of individual colleges, commercial pressures, and external requirements have all emphasised the need for formal forward planning. In the 1980s the

MSC demanded plans from colleges via their LEAs to justify the release of Non Advanced Further Education (NAFE), then Work-Related Further Education (WRFE) money. In the incorporated sector the FEFC requires strategic plans to justify funding from its central pot.

Some colleges at least claim to have planned strategically for many years. Others may have come much more recently to the process. In the incorporated sector there is no escape from the need to produce a strategy. Whereas the MSC requirements were mediated through the LEA, the FEFC relates directly to each college and has established not only specific demands for the content of the plans it expects to see, but also for the outline process which colleges should adopt.

This study of strategic planning in FE colleges is based on interviews conducted in three FE colleges in late 1994 and early 1995. A literature search revealed theoretical perspectives which we have used to help analyse the data from the interviews.

We were trying to establish some basis of evidence for the way or ways in which the process of strategic planning (enforced or welcomed) has been adopted and managed in colleges, and to establish an analytical framework to interpret this. In particular we set out to explore the following questions:

- Has the appearance of this planning framework led to a uniformity in college strategic planning, or are there adaptations and interpretations?
- How does the process of strategic planning affect the management of colleges?
- Is strategic planning a superficial exercise 'for' the FEFC, or is it integral to the development of the college itself?
- Is there a relationship between strategic planning and organisational culture?
- How do processes adopted in colleges relate to equivalent activities in other management settings?

To help analyse the process we draw on a number of key concepts from the literature of strategic management. In particular we found the notions of deliberate and emergent strategy and logical incrementalism helpful. These deal with the degree to which development follows pre-set paths, as opposed to developing through continuing decision-making at a variety of levels; and the radicalism of change which is envisaged in an organisation — the extent to which successive changes may be based on modifications of current and past practice, rather than making a major break with the past.

Our initial expectations were that there might be:

- some evidence that colleges paid lip service to external FEFC planning requirements rather than integrating the FEFC model fully into college planning
- some differences between colleges in their treatment of national priorities, such as the National Targets for Education and Training (NTETS), due to local competitive pressures and the local economic environment
- some differences between the processes adopted by different colleges due to internal characteristics of organisational culture and the management and leadership styles adopted by the chief executives

Since the strategic planning framework for further education emanates from an outside source, we also felt it necessary to include at least some limited study of the FEFC's requirements and to gain a perspective on the Training and Enterprise Council (TEC) approach to planning in the sector.

Throughout this paper we have adopted certain conventions regarding nomenclature, which we should set out at this point. The titles of interviewees varied across the different colleges. In order both to simplify references and to avoid accidental identification, we use generic titles as follows, regardless of actual practice in the institutions:

- chief executive: the most senior employee of the college
- senior manager: any other member of the college's senior management team (SMT) or executive group
- middle manager: an employee with management responsibilities, but outside the senior management group (sub-divided into academic middle managers and support middle managers)
- lecturer: a member of academic staff without formal management responsibilities

The personal pronoun 'they' and its associated terms are used throughout to represent the singular in referring to interviewees.

The term 'strategic plan' is used to refer to colleges' three year plans, whatever name they may be given in each college. The 'annual plan' refers to the operational document produced each year.

The names we have given the three colleges do not, of course, imply a connection with any educational establishment, past, present, or future, which may bear a similar name.

## **The establishment of the FEFC Strategic Planning Framework**

Up to 1 April 1993, strategic planning in colleges had been the formal responsibility of LEAs rather than individual FE colleges. The FHE Act (1992), based on proposals in the Government's White Paper *Education and Training for the 21st Century*, 1991, allowed colleges to take full control of their own affairs and transferred the responsibility for planning in the FE sector to new FEFCs for England and Wales. At incorporation on 1 April 1993, colleges became independent bodies responsible for managing their own finance, exercising proper control of the funds they were to receive from the new Funding Council and preparing audited accounting reports.

To fulfil their duties under the FHE Act to secure sufficient and adequate provision for post-16 students, the Funding Councils require information about the intentions of institutions which focuses attention on the need for more formal strategic planning. Colleges undertook planning before, for example in the requirements to bid for funds from local and central government and TECs which encouraged colleges to determine strategic objectives. The link between planned provision and funding was, however, quite loose and, before incorporation, planning tended to be relatively short term and follow an annual cycle.

After incorporation colleges face new and larger planning challenges. The FEFC(E) view on college strategic planning is set out in *Funding Learning* (FEFC 1992) :

*The strategic plan has a pivotal role in the management of a college. It is the route map which guides the college in its short- and longer-term decisions and provides the setting for the college's operating plans. Most importantly, the plan is the culmination of a process, within the college, of analysis, testing, discussion, negotiation, persuasion and finally, agreement on the fundamental purpose and direction of the college.*

To secure funding and ensure cost-effective use of resources, colleges are expected to base the planning of provision on :

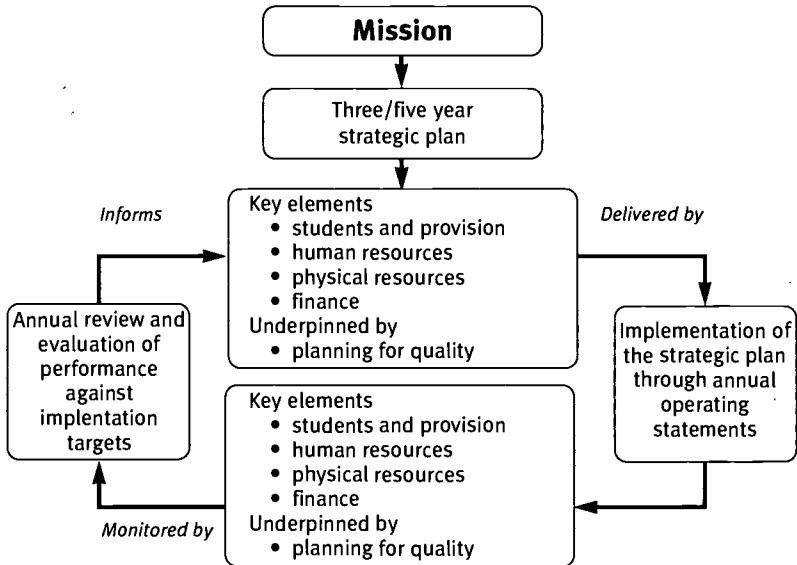
- their ability to identify the education and training needs in their area, to establish a mission for the college and organise and co-ordinate their resources
- an acknowledgement of the 'signals' given to colleges by government, the Funding Council and others as to any national or local priorities which colleges are encouraged to deliver
- their confidence to devote effort and resources to planning medium- and long-term changes, either to respond to new demands or restructure their provision to increase effectiveness and efficiency in delivery

In summary, strategic planning:

- provides a basis for effective college management
- provides context for development and deployment of college staff
- establishes a mechanism for colleges to develop and review their work with individuals and employers in their local communities to ensure responsiveness
- assists Funding Councils in understanding colleges' aims and objectives and the context for funding proposals
- sets a context for external college inspection and internal quality reviews
- allows the Funding Councils to fulfil their duty to ensure sufficient and adequate post-16 provision

The Funding Council proposed a two-stage process for developing a framework for college strategic plans (FEFC 1992b and FEFC 1992c). Following consultation with the FE sector the framework for stage one was established as shown in Fig. 1.

**FIGURE 3.1: THE FRAMEWORK FOR STAGE 1 (FEFC 1992c)**



Colleges are also required, following circular 94/30, to secure agreement for their strategic plans by consulting their local TEC to discuss how planned provision may be linked effectively to labour market and student needs. This procedure is intended to develop 'effective consultation between colleges and TECs so that TECs can be confident that colleges are addressing the principal skill needs in an area, and colleges can be reassured that they have the support of those speaking on behalf of employers' (FEFC 1994b: 4).

Our interview with a senior TEC officer reinforced this view, emphasising the TEC's role 'to influence [the college] plan, not to write it for [the college]'. In this view TECs and colleges 'have a common interest in the development of the local economy', with the TEC able to contribute 'an external perspective focused on the demand side', but with 'no right to put colleges in a position where they can go out of business'. The position is clearly one of influencing and persuading, rather than of trying to direct or coerce.

It is worth noting that governors appear to have a monitoring rather than a directing role in strategic planning in all of the colleges studied. The FEFC indicates a significant formative, but essentially non-interventionist stance: 'Governors should establish a broad framework within which the college is to operate and develop . . . [their] concern will be expressed through the governing body's involvement in the consideration of and agreement of strategic plans' (FEFC 1994c: 39). This implies that strategy formation, even at policy level, is primarily a responsibility of management, although governors have to give their blessing to plans to be submitted to the Funding Council, and are accountable for their financial consequences.

Although a strategic planning framework is prescribed for colleges, the FEFC do not see their role as arbiters of the content or format of colleges' plans: 'The Council's objective is to understand each college's intentions. It is not intended that Council approve or disapprove the plans developed by individual colleges' (FEFC 1992b: 6).

## Methodology

This is a small study, making no claims for the statistical validity of its findings. The centre of this report is not a detailed case analysis of one or two institutions, but an attempt to analyse key themes in strategic planning as instanced in the colleges studied. The college data are not developed into a complete picture of each institution, but are used to give an indication of the approaches used in FE and to illustrate theoretical constructs in action.

In order to obtain a snapshot of actual practice in colleges it was decided to seek the co-operation of three colleges in the investigation and to conduct a series of interviews in each. Before undertaking the final research it was important to test our interview format. Two pilot interviews were conducted, one with a chief executive, the other with a deputy chief executive, both personally known to the researchers. In the light of the data gathered and the feedback received, the final interview schedule was devised.

Two of the three colleges we worked with were selected on the basis of the publicly stated views of their chief executives on managing change in their institutions. These were seen as representing very different styles of management, which, it was felt, might impact on the process of strategic planning in different ways. In one case we found an expressed commitment to the shared development of a common vision, drawing on the views, skills and commitment of all staff. In the other case the perspective appeared to be that staff would need to be re-educated into an understanding of, and, implicitly, compliance with, the vision of the chief executive.

Since both of the colleges thus selected were medium to small in size, a third was selected specifically to add a large college to the sample. It was anticipated that the strategic planning process in a large college would inevitably show procedural differences from that in smaller colleges, and that this might, itself, reveal further areas of divergence.



All interviews took place in the colleges — whenever possible in the interviewee's own base area. The two chief executives and the senior manager representing the third chief executive were interviewed first. We then analysed and discussed these initial responses and compiled a new interview schedule, derived from the first but adjusted to take account of the different levels of staff now being interviewed. This done, we returned to each college to interview four further members of staff. We asked the initial interviewee for assistance in selecting the subsequent interviewees and arranging our meetings with them. It follows that the three more junior staff participating were selected by the chief executive, though in line with the researchers' requests for a spread of background. Given the study's focus on process and practice, rather than either effectiveness or preference, we hold this to be a justifiable decision. The way in which members of staff become involved in planning is itself an important part of that process and the nature of this involvement formed a part of the interview. The additional participants across the three colleges comprised two main grade lecturers, one support supervisor, seven middle managers (four academic, three support), one senior manager and one lecturer acting in the role of internal consultant.

## **The structure of planning in participating colleges**

Each participating college had its own approach to strategic planning. In some respects these differed significantly, while retaining a family likeness which must be attributable, in part at least, to the demands of the FEFC guidelines.

In each case the college had by now established a timetable for the annual planning cycle. Within this, deadlines were set and consultation took place. The key points, the nature of the consultation groups and the context of the consultation differed. In two cases the planning process was essentially a new one, devised to meet the new circumstances applying since incorporation. In the third case the chief executive felt that the process in operation was almost entirely the same as that which

they had already established, and that the FEFC format had essentially provided national and external validation of existing practice.

Each college had a planned sequence of events throughout the year, by which it would produce, implement, review and revise its strategy. These sequences varied significantly in their detail.

The starting point at Norbury College was an original plan devised by the SMT. The continuing planning process proceeds on the basis of this existing strategic plan. Each year the SMT brainstorms key developments for the coming year and beyond. The list thus created goes to a wider management team, made up of the SMT plus middle managers (Academic and Support). 'Key success factors' for the coming year are then agreed in the management team.

On the basis of the college aims and objectives agreed in the management team, all members of the team then generate their own specific objectives and targets for the coming year. Each business unit has its own plan, developed by its middle manager in discussion with the appropriate senior manager. Together these form the annual plan.

An interim review of the current year takes place in December / January, and the end-of-year review in June. To inform these, and to enable staff to keep track of their own progress and that of those for whom they are responsible, a very detailed grid of performance targets is prepared by a senior manager. This acts as a handbook throughout the year.

At Southam College the chief executive took full responsibility for setting the college mission. The initial strategic plan was then developed through the SMT, the wider management team, and with the participation of members of staff from all areas and levels who volunteered to join a working group with the chief executive.

In managing the annual process, the chief executive again handles the mission and any alterations it may require. The senior managers then have to devise strategic discussion documents for their own areas of responsibility. The SMT as a whole discusses and remodels these to form the college's strategic objectives for the year.

Strategic objectives are discussed between the individual senior managers and the middle managers for whom they are responsible — the totality is then discussed by the large management team (the SMT plus middle managers). Aspects of the plan are now revised each year, primarily through this management team, together with first-line managers. Middle managers and first-line managers themselves discuss the plan and its objectives in section meetings, and all staff agree individual targets, in relation to the plan, as part of their process of review interviews.

Easton College had a detailed plan and very lengthy mission statement. This is now being revised. The senior management team derived a set of outline objectives for the college from the existing priorities and developing circumstances. Each sector of the college has now engaged in a workshop to develop its own priorities and targets within this overall concept.

This college is also in the process of adopting a new format for its strategic planning. The revision of the plan and the use of workshops (facilitated by an internal consultant) is part of a college-wide change process, led from the top, but with a heavy emphasis on involvement at all levels — hence the workshop approach.

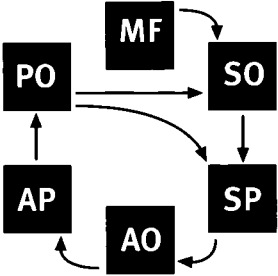
The existing large mission statement is expected to 'fade', being replaced by a shorter and more general one. In this large college each main sector will produce its own mission, relating to its contribution to realising the general college goals. From this, sector by sector, and then for the college as a whole, the annual operating statement will evolve. This incorporates a stress on devolution of planning.

These three approaches could be represented in the three diagrams on the next page.

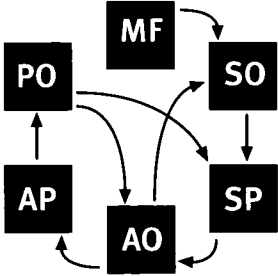
**FIGURES 3.2, 3.3 & 3.4: THE PLANNING PROCESSES AT THREE COLLEGES**

All three show the same basic features, but with variations in involvement.

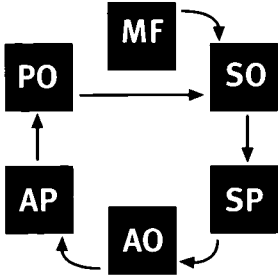
**Fig 2: Easton College**  
Mission formation and setting strategic objectives stand outside an otherwise largely common system.



**Fig 3: Norbury College**  
There is a series of sub-systems, with some staff able to access only limited areas of planning.



**Fig 4: Southam College**  
An essentially unified system. The Mission is formed to some extent outside the system, but after that the process involves all and provides a full feedback mechanism



- KEY:**  
 MF = Mission Formation      SO = Strategic Objectives  
 SP = Strategic Plan          AO = Annual Objectives  
 AP = Annual Plan              PO = Personal / Performance Objectives

Clearly all three colleges work within the same basic concept, related to the FEFC's ongoing requirements. The differences lie in the allocation of responsibility, the locus of power, the breadth of participation and the points of participation.

All three colleges share:

- a view of the setting of the mission as very much a senior management responsibility, and one which has a particular importance for the chief executive personally
- a general pattern of work on an annual schedule — mandatory, really, given the need to produce plans for the national funding process — producing a new annual plan, updating and extending the rolling strategy, and monitoring progress to inform these processes

Differences lie in:

- the access which staff from different levels have to the process, particularly at the earlier stages, when general principles are being established
- the way in which targets are set
- the nature of the monitoring and review
- the degree of discretion which staff outside the SMT may have to alter established priorities or add new elements in their own sphere of activity

## **Key findings of the study: emerging themes**

In interviewing a sample of staff at each of the three colleges, it became clear that, despite the identical nature of the planning framework given by the FEFC, each college worked in ways which reflected its particular local culture and the style and approach of its chief executive. We observed differences, and similarities, in the internal processes of

planning, in the effect of planning on the college ethos and in the management of change.

There was also a 'political' dimension to strategic planning to the extent that the process of developing a strategic planning framework was at least on one level linked to a 'struggle' for shared acceptance in the institution of what its function and purpose should be in a rapidly changing context.

Three key themes emerged as particularly significant. Each is distinctive in its integral relationship to the planning process and yet essentially related to the others. These are:

- the role of mission and strategic vision and the function and impact of leadership as an aspect of the planning process
- control or participation in strategic planning in a context of environmental change
- the relationship between strategic planning, values and organisational culture

### ***Mission, strategic vision and leadership as aspects of the planning process***

#### *Southam*

The rhetoric of the college is that there is a shared vision, and that from this all staff have the opportunity to participate in decision-making through working groups, open staff development sessions, and through the negotiation of sectional and personal action plans. It is clear, and accepted in the college, that not everyone is 'on board', but the view we have formed from our interviews is that the rhetoric is not too far removed from reality at Southam.

This reality manifests itself in several ways. The chief executive sees the production and maintenance of the college mission as a key function of the role of chief executive and this vision is the starting point for the

college's planning process. In setting out the strategic vision the chief executive defines the college as a learning organisation, in which all can participate fully. This introduces an element of ambiguity, as the participative nature of the organisation is, in a sense, imposed from above. So far as we could tell, this was largely accepted, and the opportunity to participate, perceived as genuine, outweighed any reservations about the origin of the initial vision. At the same time, nobody claimed that everyone in the college was happy with the arrangement and several interviewees referred to colleagues who did not feel at home with it.

Staff are very aware of the chief executive's leadership role, we found, and appear generally supportive of it. A manager saw college leadership as being about 'bringing vision'. Another spoke of the way in which the chief executive 'lived' their commitment, a statement which seems based on an idea of this as a model to be emulated, an example set.

If the mission derived in this way is largely acceptable, that does not mean that it is totally unproblematic. While the nature of a mission is that it sets broad and ambitious aims, there is a sense in which it can pose too much of a challenge and become a daunting prospect or a millstone, according to one's view. Especially if day-to-day pressures lead to practice diverging from the aspirations of the mission, the feeling can arise — and was expressed to us — that 'we may have overstated what we can do' or, more bluntly, that the mission may be 'unachievable' and lead to institutional and individual conflict.

### *Norbury*

At Norbury, as at Southam, the mission has come from the top, with the SMT developing a statement based on a vision provided essentially by the chief executive. A middle manager described the mission as the 'focusing pinnacle': the planning process as a whole had resulted in a much greater focus in the college's activities, and this was expressed particularly through the mission.

It was very clear that the mission and the way in which this translated into more detailed planning and into action formed an essentially top-down process (though this does not necessarily mean non-participative). Another manager emphasised that it was crucial for the chief executive to be 'showing leadership' in the current environment and that the development of the college had to be subject to 'clear steers' from above. It appeared that both the overall mission, and the framework within which more detailed planning would take place, were largely non-negotiable, although many staff were heavily involved in the development of the detailed action planning.

### *Easton*

Whereas the bald outline of the approaches of the first two colleges is similar, whatever the very real differences in the ethos and detail, Easton College has a quite different history. There, a mission was originally developed through a more consultative process, involving a series of staff workshops, which may account for the exceptional length of the current statement.

A change of chief executive since incorporation and the passage of time have led to a need, as perceived by senior management, to re-write the mission. An interim set of general objectives, arguably below 'mission level' but clearly indicating some changes in direction, has been generated from within the senior management team. Consultations are now in progress with the staff at large, through a series of marketing workshops facilitated by an internal consultant, about the direction for the college. A new mission statement will be produced by the chief executive — informed, but not necessarily determined, by the consultation.

In this instance, therefore, we have been able to observe a shift of ground, towards a more top-down approach. Nevertheless, the participative element is substantial and seemed perceived as such by the staff we spoke to. The chief executive saw the process of developing a plan from an initial stimulus from above as one of 'promoting debate',



and anticipated that the consultative process would result in the main lines of policy, rather than simply ratify pre-digested proposals. We found staff willing to accept this, at least pro tem. The test would be when and whether you found your proposals being included in the plans.

## ***Discussion***

The importance of mission in giving an overarching set of values and purpose to the strategic planning process is recognised in the FEFC planning framework and it is hard to envisage an effective plan which is uninformed by at least some sense of general purpose. Hendry, drawing on Quinn, proposes five levels of strategy: goals/objectives, policies, strategy/strategic plans, programmes, strategic decisions (Hendry 1994). The first of these might be seen as corresponding to the organisation's mission.

The interviews revealed evidence of the way in which mission formation contributed to the strategic planning process, but, as we have seen, this varied between institutions. Just as importantly, the way in which interviewees saw the process also varied within institutions.

Peeke (1994) has identified some of the issues associated with introducing mission concepts into FE. These include:

- the difficulty of establishing a single, meaningful, common mission for an organisation of professionals
- suspicion of the process of developing a mission statement
- difficulty of acceptance of a centrally led mission

These issues emerged in the colleges we visited and in the literature. A current college principal, for instance, in describing change at his own college, refers to 'a cultural attitude [among lecturers] that promoted a strong sense of independence from . . . the college management', leading to significant resistance to change (Lewis 1994, p.259).

In the interviews with managers at all three colleges we heard comments about the benefits of the process coupled with the expressions of doubt as to how far staff were aware of or appreciated them. This may well relate to Peeke's reference to the suspicion which attends a centrally led, or top-down, process of mission development.

Bailey and Johnson (1992) note that for vision to develop into strategy it must be effectively articulated, communicated and shared. The role of the chief executive in providing vision and leadership to the strategic planning process as a whole was of significance in all the colleges.

The colleges share a broadly top-down approach to the mission of the college. There are important differences about the degree of consultation involved in the process but it is clear that decisions about the declared mission of each college lie at senior management or even chief executive level and that mission or vision plays a significant part in shaping strategic planning. In some cases, however, the chief executive's vision is almost as much about the nature of the process as about the end result. This means that, in the context of a handed-down initial concept, there can still be major contributions and real decision-making at lower levels of the organisation.

### ***Control or participation in strategic planning in a context of environmental change***

It is when we look at the management of the processes of strategic planning in each of the colleges and the level and nature of participation in planning, that the biggest differences between them become evident.

#### *Southam*

Southam College sets out to operate explicitly as a learning organisation. It allows staff not only to participate in the annual review process but also to develop working groups to explore and build upon issues raised at the open, voluntary staff development seminars which are one of its defining features. In this process space is being made for staff to engage

in discussion and in creative work which will, inevitably, result in operational decisions being taken which may affect the overall shape of the college. This style of planning was very much stimulated by and associated with the chief executive who is committed to developing the conditions in which individuals and the organisation could focus on growth and transformation. This chief executive's role in promoting these values, both in principle and practice, was acknowledged by colleagues.

A main grade lecturer at this college commented that the nature of the planning process was such that 'if you want to be you can be involved, and *make it part of your working life*' (our italics). Inevitably, it is particularly at the level of the section or programme team, where policy is being interpreted into action, that this involvement, internalisation and commitment is most likely to occur.

### *Easton*

At Easton College, the opportunities for staff to take local decisions are less clear cut but there was a clear desire to generate an open, communicative process which both stimulated debate about planning and involved a wide range of college staff. The recently appointed chief executive brought an approach which sought to involve staff more in the planning process and communicate strategic goals more widely. The chief executive saw a key role in promoting debate about strategy and goals ('creating some energy'), this being manifested in open meetings with staff in each sector. These so-called roadshows were referred to by one respondent as 'symbols of openness', conveying both the potential of the process and the suspicion which may simultaneously attend it.

Planning was seen as 'dynamic' and the chief executive sought to create the conditions for people to make significant contributions and shape direction to allow good ideas to surface. Creating smaller, cross-college teams was seen as a crucial strategy here. One interviewee welcomed the feeling of being 'more consulted', though there were also some suggestions of a wait-and-see attitude on the part of some staff.

The use of an internal consultant as a change agent is significant here. It both assists all concerned to understand the implications and possible outcomes of what they are discussing and distances the process, to some extent at least, from the chief executive and senior management. The independence of such a person from senior management may be seen as of great importance and, depending on this, the process may be viewed as either manipulative or liberating, empowering or directing.

### *Norbury*

Norbury College has clearly introduced its planning process as part of a major discontinuous change in the organisation, as part of a conscious attempt to alter the overall direction of the college. In so doing it has adopted a much more managerial model than the other colleges.

There are definite points at which middle managers and other staff are able to contribute to the planning process. However, the framework for planning and the initial agenda of major developments for each year are set from the top. The middle managers discuss the major developments and, in conjunction with their staff, devise action plans to progress these developments, but it is not with them that the initiative lies.

Once actions have been agreed, a very detailed structure of targets forms the basis of monitoring, and this element of control is central to the process. This is expressed in varying ways: 'we are squeezing our staff very hard here' (senior manager); there is 'a feeling of needing to achieve' (middle manager). The monitoring and performance management have 'sharpened up people's understanding of where they are in the system and what is expected of them by the system', in the view of a senior manager. On the other hand a middle manager expresses doubt as to how far main grade staff are aware of the opportunities to participate which exist. At lower level there is more emphasis on the pressures of the system, and on its remoteness from day-to-day concerns — 'we've all got to do more, work harder', the details of the plan are 'fairly unintelligible'.

## Discussion

The literature shows evidence of varying dynamics in educational institutions. In Ralph's (1995) study, for instance, attention focuses on several change agents, suggesting a largely devolved approach in the college under study. There may be echoes of this style in both Southam and Easton Colleges. On the other hand Pashiardis (1993), proposes a model emphasising the centrality of the senior manager's role. This seems to envisage a consultation process which is, in essence, designed to win over staff and to gain their commitment to a pre-ordained plan. Norbury College may be seen as closer to this, which also links clearly to the FEFC's position that the strategic plan 'is the culmination of a process, within the college, of analysis, testing, discussion, negotiation, *persuasion and, finally, agreement* on the fundamental purpose and direction of the college' (FEFC 1992d; our italics).

Both Easton's and Southam's approaches have manifest links with Mintzberg's (1978) concept of emergent strategy. The college's deliberate strategy (i.e. long term, essentially rational, foreseen and foreseeable view) is set out in its plan. It is accepted, however, that other strategies will develop at different points throughout the organisation in order to meet particular requirements. More than this, the intentional creation of space and provision of stimuli to creativity and personal growth seem to encourage alternative or additional strategies. We characterise this as 'strategic opportunism'. It accepts a model of development which is less than totally rational. This done, two key processes become necessary:

- allowing flexible decision-making
- creating an ambience in which staff feel sufficiently empowered to take advantage of this possibility

For staff to do this, they must be secure in the knowledge that their decisions will take effect, and that, at least within limits, no blame will accrue in the event of an error being made. The chief executive of Southam refers to the importance of a 'no blame culture'; from a lower level in the hierarchy, Easton College is described as having a

'reasonably tolerant culture'. At Easton, too, the importance of staff seeing their proposals appear in plans is emphasised by one interviewee.

The creation of this space for local decision-making may be an aspect of 'logical incrementalism' in an organisation, referred to by Quinn (1978) and Bailey & Johnson (1992). According to these commentators, organisations may make a series of small decisions to change, reacting to the pressures confronting it day by day. This can lead to a growing divergence between the organisation's perception of its purpose and the demands of the environment.

At Southam and Easton, at least to some extent, decision-making is devolved, within an overall agreed vision, to those people who are faced with day-to-day choices. These need not be unimportant just because of their frequency or their occurrence at relatively low levels in the management hierarchy. On the contrary, they may make significant differences to the organisation and contribute, in particular to the way in which it is viewed externally. Rather than either trying to suppress this process or simply accepting it, the planning we observe in these colleges seems to welcome it, and by encouraging it, to emphasise its 'belonging' within the overall vision.

In this way the college evolves, guided by the genetic make-up of its planning process but responding to changing environmental factors as well. There is some indication, from the concerns of a senior manager at one of these two colleges and the likelihood of major change at the other, that such an incremental approach has its limitations. It may be a very effective way forward for a period, allowing both consensus building and flexibility, but there may also be a danger that the process eventually divorces the organisation from its external reality. Equally, even if the organisation has kept in touch with external change, if there is sudden dramatic change in the environment, incremental development may be unable to handle it (Bailey & Johnson 1992; Tushman, Newman & Romanelli 1986). In these circumstances, it may be necessary to engage in much more radical change to match the dramatically different demands of the environment in which the organisation has to survive.

The approach at Norbury seems to have more in common with directive approaches to management. Cowham's (1994) college case study shows some similar features though it is confined to the views of some senior managers, rather than being a comprehensive college policy. It is also a traditional industrial model. Tushman, Newman & Romanelli (1986) report on some companies where 'frame-breaking change' took place; massive upheaval which was deemed necessary for the organisation but clearly disruptive and painful for those involved, and in which the executive leader is directly involved in reorienting their organisation. There is a clear contrast between this view, based on organisational imperatives, and the more humanistic view which appears to accompany the devolved model of planning.

### ***Strategic planning, values and organisational culture***

#### *Southam*

At Southam College there is a very public emphasis on key values which guide individual and organisational practice. The desire to create a culture which fosters openness and the conditions for individual learning and growth is particularly important. Such a cultural climate is then seen as providing the essential dynamic for personal and organisational development in the emerging 'learning organisation'. The chief executive is acknowledged as the prime mover in this creation of values and principles.

There was clear evidence that this ethos had affected both staff attitudes and the planning process. The extent to which the values were shared was evident in staff perceptions of the openness of the planning process, the opportunities to become involved and relationship between the planning process and the fulfilment of college mission. Values 'are remarkably alive here' one interviewee said and this, in their opinion, had allowed the college to deal more effectively with some of the challenges posed post incorporation.

Those interviewed did feel involved in and have an understanding of the strategic planning process; they saw the ethos of the college as being 'all about learning and growth'. Planning provided a framework for decision-making in which accountability and responsibility were encouraged as characteristics of the learning culture.

There was also the perception, however, that the values and principles underpinning college practice might create expectations which individuals find it difficult to embrace or live up to. 'We may have overstated what can be' one interviewee commented. There was also the sense that external pressures to increase numbers might compromise the college mission. This emerged at different levels of the organisation. One lecturer expressed concern about conflict between expressed aims to serve individual needs and the reality of increasing numbers; a middle manager suggested that it might test genuine sharing of the planning process if some colleagues wished to hold numbers at current levels — what would the reaction of senior management be?

### *Norbury*

At Norbury College, senior management set the major planning objectives, although there was, both in principle and practice, the opportunity for staff as a whole to put forward proposals. Middle managers were significantly involved in and had the ability to influence the planning process. This was linked to increased levels of responsibility and accountability. This group also acted as the link between the planning process at management level and the wider college community. There was a perception, however, that main grade lecturers felt a degree of 'remoteness' from the planning process and that the scope for staff to develop ideas existed, but only if they were aligned with strategic objectives.

The college's performance management system set clear frameworks for accountability and underpinned the perception that managers 'are tested and have to prove their competence'. This accountability was reinforced at management level through peer pressure to achieve



standards of performance. There was also the perception that the 'feeling of a need to achieve' existed for staff at all levels.

An emerging business ethic was seen as both raising awareness of the need for efficiency in meeting targets and increasing college effectiveness in doing so. Although this ethic had currency, interviewees also perceived a tension between the achievability of targets and sustained effectiveness in quality of delivery. This view of targets in the curriculum related particularly to a concern that measures of 'achievement' might fail to take full account of student satisfaction.

### *Easton*

At Easton College, a recent change of chief executive has been significant in triggering change in approaches to college planning processes through promoting wider staff involvement and a greater cross-college planning focus. There was a developing emphasis on smaller cross-college teams working on key development projects. These were able to see their part in the whole and put forward ideas which could influence the planning process. The chief executive saw these changes as 'promoting debate', 'bringing people closer to what is happening' and 'creating some energy' around college planning. Planning was seen as 'dynamic'.

Comments from interviewees showed that such approaches were having an impact on both thinking and practice. They had, in the words of one interviewee, 'engendered a more open style of communication and a more participative approach'. Explicit mention was also made of the change in 'atmosphere'. The new atmosphere was seen as 'supportive of risk taking' and 'reasonably tolerant'.

The change to a more 'whole college' planning approach, bringing together cross-college teams, had to some degree, however, challenged the influence, sense of priorities and planning methods of existing and long standing sectional interests. The change in customer focus, brought about by new planning priorities, was also beginning, for some, to

challenge long established perceptions of who the college's clients were, who they should be and what the college's values should be (when 'commercial' pressures were perceived as gaining ground).

One interviewee commented that the changes affecting the college had 'made us more aware of education as more than just a student/teacher interaction'.

## ***Discussion***

The processes of strategic planning in each college both influenced and were influenced by its characteristic organisational values and behavioural norms. These derived significantly from the chief executive's particular style of leadership. In the college communities as a whole, it is the experience of planning as a process and the extent of participation in and consultation about it, which appear to shape perceptions of both planning and college culture.

Southam and Norbury College have both adopted approaches which reflect the view that the task of strategic management is to create and maintain systems of shared meaning that facilitate organised action (Smircich and Stubbart, 1985). There must, in other words, be a common understanding of what the college is about. Different approaches have been adopted to fulfil this aim. These reflect, on one hand, an approach in which strategic management realises the mission by fostering individual and collective learning and, on the other, a managerial, directive approach in which the role of strategic management is to define college purpose and direction and then secure commitment to it.

At Easton College, the range of perceptions evident in the study draws attention to a culture in which the values and sense of purpose emerging are not fully shared in the college community and have yet to be tested over time. The change to a more participative planning process was acknowledged and welcomed, although one interviewee perceived a degree of cynicism among staff.

## Conclusions

Given our initial expectations about what the issues emerging from post-incorporation college strategic planning might be, the results confirmed and challenged expectations, as well as opening up new areas for consideration.

From a senior and middle management perception, adopting the FEFC planning framework was not just lip service but had led to the creation of a better structured, more consistent planning process and thus a more effective service.

In terms of the detail of planning, the principal mutual resemblances between the strategic planning processes of the colleges studied are:

- a structured approach
- clear corporate objectives
- commitment at senior management level to a central mission
- production of whole college goals in line with the mission
- production of sector targets to support college goals
- a monitoring process through one year and towards the next
- stress on the role of the chief executive as a leader in the process

In all colleges, it was acknowledged that the strategic planning processes had, to differing degrees, raised the awareness of and level of consultation and participation in planning.

There was, across the colleges, an emerging recognition that planning had to re-define and take greater account of the communities they should or could be serving as well as those currently being served (in part arising from the need to meet growth targets). Acknowledgement was made of current responsiveness to a wider range of client groups in their local communities, for example through greater efforts to assist adults to attend college programmes, and through improving communications with ethnic minority groups. In all colleges there was a

growing awareness of a commercial and business ethic which was beginning to infiltrate their activities.

Concomitant with this focus on targets was the perception of a greater pressure to perform and increased accountability; this in some cases being linked with devolved responsibilities.

What was evident, however, given these similarities, was a distinctiveness of style and management of planning, reflecting differing organisational cultures each with its own set of complex and evolving values and priorities.

The essential differences were seen in :

- the nature of consultation
- the degree of freedom allowed to staff in devising their sector targets
- the commitment to personal growth
- the approach to 'growing' or 'imposing' commitment/ compliance

Planning is clearly as much about process as about rational intention and the processes, and behaviours associated with them, shape perceptions of the nature of the organisation and what its purpose is.

The strategic planning models evident in the colleges showed elements of divergence. Whereas all three have a process which is essentially rational-analytical, only one appears to be implementing it fully on the assumption that such a model is adequate. In the other two there are clear assumptions that decision-making will take place at levels other than that of management which may have a significant influence on whole college development. These assumptions stem from a quite different tradition of management thinking, based in the ambiguity of a fast changing and unpredictable environment. Cohen and March (1983) argue, for example, that the reality of education management is that the linkage between many decisions and their practical outcomes is problematic. Accepting this subverts the idea of a rigidly structured

planning and decision-making process and leads to more flexible, responsive, and permissive approaches.

The contrasting views outlined above relate to a central characteristic of strategic planning — the degree to which it devolves responsibility and decision-making, and to which it prescribes detail as well as general policy.

The contrast relates also to a basic philosophical divergence. At one extreme we might see the learning organisation where developments are expected to emerge through a shared purpose and common understanding of what the organisation is about, which is itself seen as a learning and developmental process. At the other is the view that certain changes are needed, that to perform them a new direction and purpose are required, and that it is the task of management to re-orientate staff towards that purpose.

It is conceivable that these divergences are not as real or significant as they might at first appear. We have seen that the planning frameworks of the colleges are not dissimilar, influenced, of course, by the FEFC(E) and its requirements. It is possible to interpret the major differences in style as reflecting the colleges' different positions in the organisational life cycle. Tushman, Newman and Romanelli (1986) show periods of incremental change in organisations being interspersed with short periods of large upheaval and discontinuous change, arising from a variety of possible internally driven or externally imposed causes. It might be argued that, in the three colleges, we merely observe the results of one college (Southam) being secure within a period of incremental change; one (Easton) possibly just leaving such a period and about to change rapidly; and the third (Norbury) in the process of implementing discontinuous change through swift action.

However, within a culture of participation it is perfectly possible for major change to take place. The space to take decisions at many levels in fact includes the opportunity to instigate major change, as well as to develop ideas on a small scale and incrementally. It may also increase the

likelihood that proposals for and acceptance of major change, which may indeed be necessary, will develop at various levels of the organisation, rather than only within the senior management team.

## **Acknowledgments**

Our greatest debt is, of course, to colleagues at 'Easton', 'Norbury' and 'Southam' colleges, and a TEC, who kindly expended time and thought in assisting us in this investigation, but whom we cannot identify by name for reasons of confidentiality. We are, however, grateful to them for their help and openness.

We can name and thank our two 'pilot' interviewees, Rupert Herd, Principal of Tamworth College, and Kim Punshon, Deputy Principal of Tile Hill College. Their views helped us to design our subsequent interview strategy, but none of the comments in this chapter should be taken as representing their opinions or referring to their colleges.

Our thanks, finally, to Professor Ron Glatter of the Open University, who kept an eye on us, and offered valuable support, at all stages of the research.

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# Chapter 4

## Strategic management and competitive advantage: a systems approach

**Nigel Bassett-Jones and Robert Brewer**

### **Background and aims of the project**

The Education Reform Act (1988), required LEAs to delegate budgets to colleges. The Further and Higher Education Act (1992) made colleges completely autonomous. In April 1993, 425 FE colleges and 115 sixth-form colleges ceased to be subject to local authority control and became independent corporations. The law had previously accounted sixth-form colleges as secondary schools.

The policy was predicated on the belief that independence would produce more efficient, effective and responsive colleges, capable of operating within the framework of an 'educational marketplace'. In that market some colleges would flourish while others would fail.

The objective of this project was to examine the impact of incorporation in creating the competitive environment in which colleges now operate and their approaches to strategic management.

The main questions which we have tried to address are:

- Have there been distinctive patterns of development in respect of management and governance?
- Are different models emerging?
- If there are different models, are some more successful and if so, what factors underpin their success?

## **Methodology: the theoretical framework**

Morgan (1986) has suggested that 'our view of organisational life is based upon metaphors that lead us to see and understand organisations in distinctive yet partial ways'. The machine metaphor has dominated the approach to organisational design for much of the twentieth century. Machine bureaucratic organisations are notoriously slow to adapt. Colleges continue to be machine bureaucratic structures despite the changes of the last decade. Some, however, are adapting more quickly than others.

### ***The viable systems model***

The framework for our research methodology is based upon Stafford Beer's (1979) viable systems model (VSM). The model is rooted in the cybernetics tradition. It allows us to see colleges not just as complex bureaucratic artefacts but also to embrace other metaphors which enable us to view them as adaptive organisms, constantly responding to changes in the external environment, as well as being cultural and political systems. The ability to draw upon multiple metaphors can create a rich picture, enhancing our understanding of how colleges are responding to challenges. The dominant metaphor which underpins our approach is that of the college as an adaptive, organismic, human activity system.

Systems and subsystems are bounded entities. They import resources, funds, personnel, ideas, etc. from the external environment and effect

transformations which deliver outputs. The inter-related actions and information exchanges take the form of feedback loops. Stacey (1994) described these loops as 'circles of interaction producing patterns of behaviour, each influencing the other and in turn responding to the behaviour of the other'.

Beer's VSM is founded upon a number of assumptions. First, organisations are, in general, open loop systems: they interact with their environment and adapt to changes in that environment. Success is defined as survival and perhaps growth — a product of harmony with the environment. The need to survive leads to goal-seeking behaviour - activities such as maintenance of market share, dominance of the market or of a market segment, elimination of a competitor, acquisition of a competitor, delivery of a new product, enhancement of an existing product, etc. Instability is created by changes in the external environment. Harmony demands an effective control system.

Secondly, organisations are subject to the law of requisite variety, also known as Ashby's law (Ashby, 1965). This states that organisations must adapt quickly to turbulence in the environment. The speed of organisational response must match the speed of change in the environment. The speed of that response is governed by a regulator (management). Thus, if management lacks requisite variety, the organisation will lack adaptive capacity and will be overwhelmed.

Thirdly, as with all other elements of the system, the regulator is subject to positive and negative feedback. Negative feedback has a suppressing effect which returns a jolted system to balance with its environment. Positive feedback, in contrast, has an amplifying effect giving rise to explosive instability leading ultimately to self destruction.

Finally, the VSM has recursive characteristics. All viable systems (systems with the adaptive capacity to survive) model themselves on the larger supra system of which they are a part. The supra system is like a Russian doll. It contains viable systems of identical cybernetic composition to the larger system, a concept which we consider later.

## ***The five subsystems***

An organisation is composed of five subsystems. The system must establish rules and procedures to maintain internal stability. System One is the term applied to those units which are to be controlled. The remaining systems are mechanisms for controlling the separate System Ones. In a college, the System Ones may be the different schools, departments or faculties. The two basic principles of viability are first, that decisions should be taken at the lowest level at which appropriate information is available and secondly, that all employees should have access to the information necessary to discharge their roles effectively. If a college is to be effective and to add value, then it is essential that the flow of information between the separate System Ones and between the operating core and the other elements which compose the organisation are effective.

System Two, therefore, consists of all the information systems necessary to support decentralised decision-making and problem-solving. In essence, System Two has a co-ordinating, verifying and anti-oscillatory function. Academic services, student services, internal audit and the National Association of Teachers in Further and Higher Education (NATFHE) may all be elements of this system.

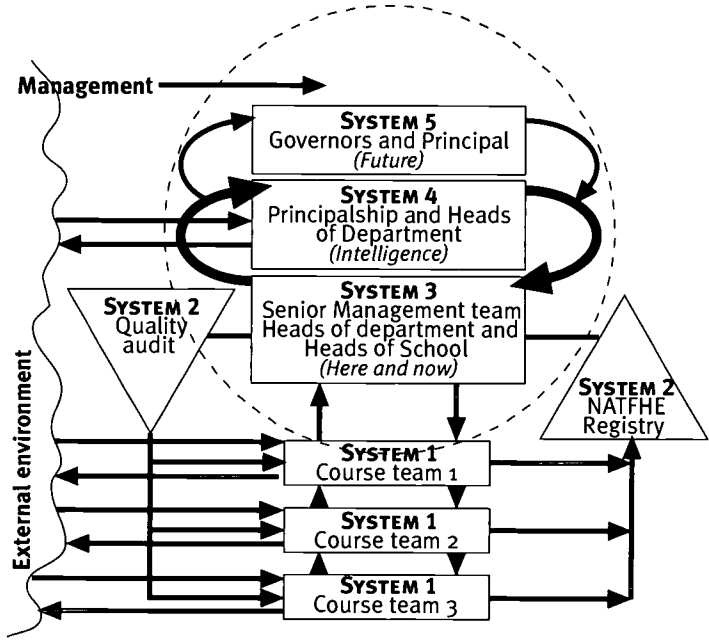
System Three is responsible for the management of the 'here and now'. It has a control and regulating function and is integral to ensuring effective management decision-making. All staff with managerial responsibilities assume a role within it.

System Four deals with the future. It is responsible for interpreting change in the external environment and for initiating internal adjustments which will keep the enterprise in harmony with its environment. It manages external relations, initiates change and stimulates development. Heads of department and the principalship are clearly integral elements of any effective System Four.

System Five reconciles today's operational requirements with the need for future development, e.g. capital investment, rationalisation,

restructuring and so forth, a role assumed by the board of governors and the principalship. Clearly, individuals may have roles in several systems concurrently. A college represented within the framework of Beer's VSM is illustrated in the figure which follows.

**FIGURE 4.1: VIABLE SYSTEMS MODEL**



Adapted from Stafford Beer (1979)

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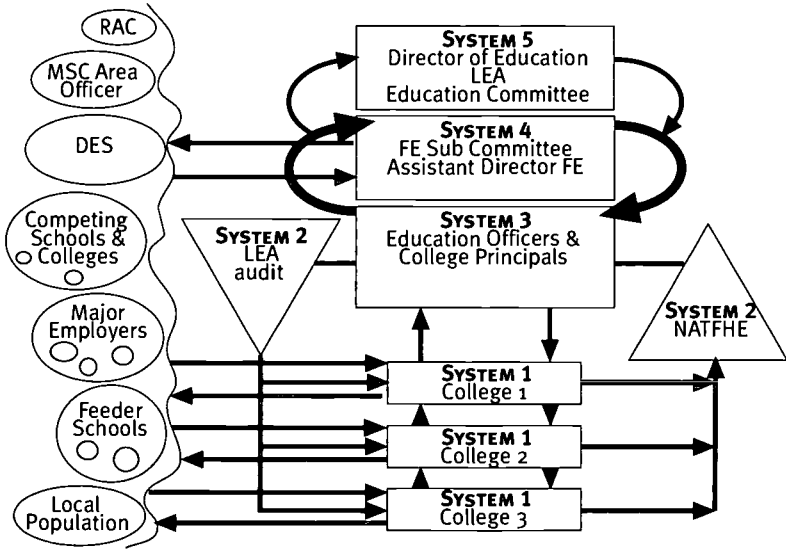
Figure 1 represents the governors and the principal operating at System Five, as having responsibility for envisioning and shaping the future through the formulation of overall strategy. Responsibility for interpreting what is going on in the external environment and for providing governors with the information they need to formulate broad strategy falls to the principal and the senior management team at System Four. Implementing strategy is the responsibility of the senior management team and senior line managers. The course teams operating at System One deliver outputs to the external environment and make tactical adjustments in response to customer needs. Between Systems One and Three sit two manifestations of System Two. On the left, System Two acts as a damper which regulates and controls procedures and processes within the System Ones and between the System Ones and System Three by operating as a negative feedback loop. On the right, System Two again acts as a negative feedback loop but this time providing feedback so that both Systems One and Three are clear about what is required if the system as a whole is to deliver appropriate outputs to the external environment.

Our objective is to examine the nature of these feedback loops. Those relating to the external environment tend to drive change within the organisation. Poor feedback loops between the organisation and its environment and between the different systems of which the organisation is composed, can place it in jeopardy. The consequences can be catastrophic. The most outstanding example of such a failure occurred at a technical college shortly before the FHE Act came into force when the college's management was forced to admit to a £2.4 million deficit. The LEA took control and the principal resigned. Only weeks before, the board of governors had been advised that the college would achieve a small surplus. In a statement to the local newspaper following his departure, the ex-principal spoke of a 'catastrophic breakdown' in the college's system of management. The disclosure resulted in the loss of 150 academic and 200 non-academic posts prompting the deficit to rise to over £7 million by late 1995, the most spectacular in the sector to date. What can we learn from this example? Regardless of the accuracy

or otherwise of the principal's account, it is clear that System Four must have collapsed, System Two was utterly ineffective and the feedback loops between Systems Four and Five failed completely.

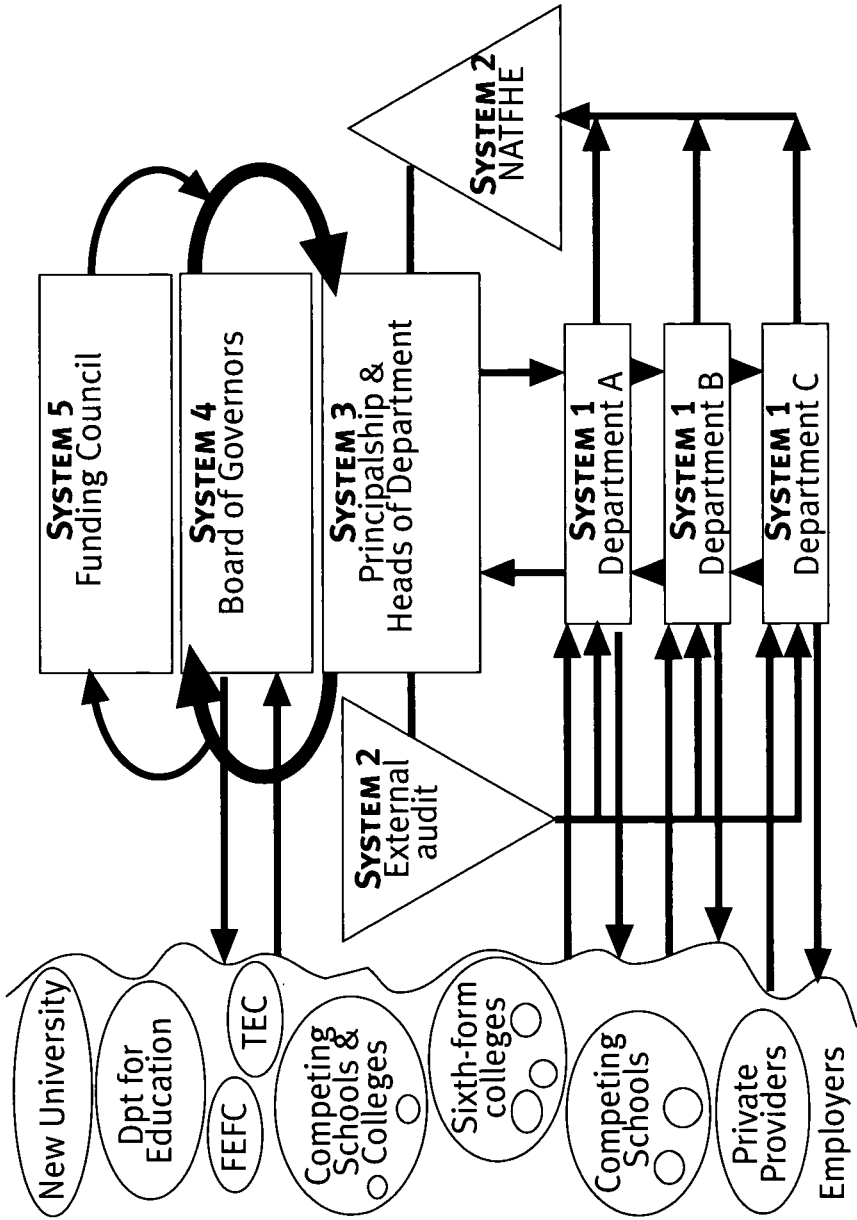
Figures 2 and 3, show a pattern of recursion at a higher level. In figure 2 a college is modelled operating as a System One within a larger LEA suprasystem before the 1992 Act. Figure 3 shows the current situation, a college operating as a System Four with the Funding Council as System Five. Figure 3 also highlights the growth in complexity that a college faces in its relationship with the external environment. In competitive terms figure 2 reflects a benign environment. Before the Education Reform Act, competition between colleges was regulated by both System Two and System Five. Figure 3 not only reflects a more dynamic environment but also the need for greater amplifying capacity on the part of individual institutions if they are to maintain a competitive position in adverse conditions.

**FIGURE 4.2: VIABLE SYSTEMS MODEL PRE-ERA (1970s)**



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**FIGURE 4.3: VIABLE SYSTEMS MODEL POST-INTEGRATION (1990s)**



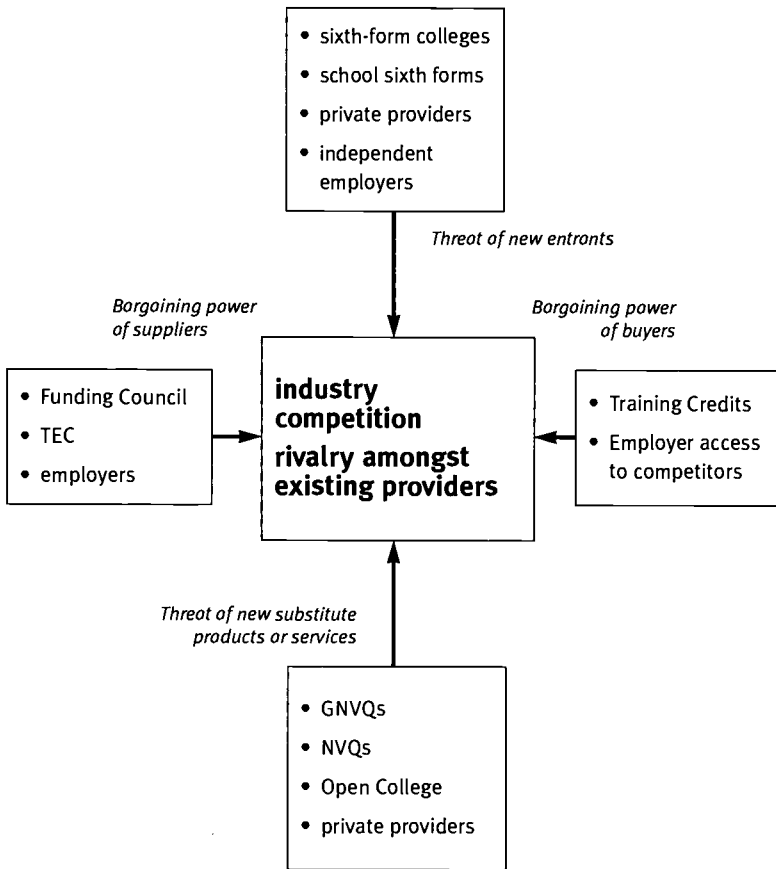


### ***Porter's five forces model***

Porter's five forces model (1985) is a valuable tool of industry analysis. In figure 4 we have depicted the dynamics of the current 16+ scene using the five force format. Porter's contention is that industry profitability is driven by the nature and degree of rivalry within the industry. If the key players can erect barriers to entry, control access to substitutes, secure sources of supply and command high perceived value in the eyes of customers, then profits and growth will be good. If new entrants can overcome barriers to entry through innovation or legislative intervention the industry becomes destabilised, rivalry intensifies and profitability and growth prospects collapse. In the ensuing upheaval, if the barriers to exit are high because of high levels of fixed investment, organisations will seek to niche and differentiate themselves. Incorporation and growing competition in a large part of the 16+ environment have stirred up shock waves which are impacting on colleges and schools nationwide.

Technically, colleges are non-profit making institutions. They are, however, competing for market share. Legislative intervention has destabilised the industry, new competitors are entering the market in the form of school sixth forms, sixth-form colleges (which also compete for a share of the FEFC quantum) and in some areas private training providers. The market has been further opened by the arrival of GNVQs and NVQs. The former can be offered by all providers whilst the latter can be offered by employers independently of colleges. Rivalry has intensified considerably, placing some institutions, as we shall see, under acute pressure.

**FIGURE 4.4: PORTER'S FIVE FORCES MODEL APPLIED TO THE CURRENT POST 16 ENVIRONMENT**

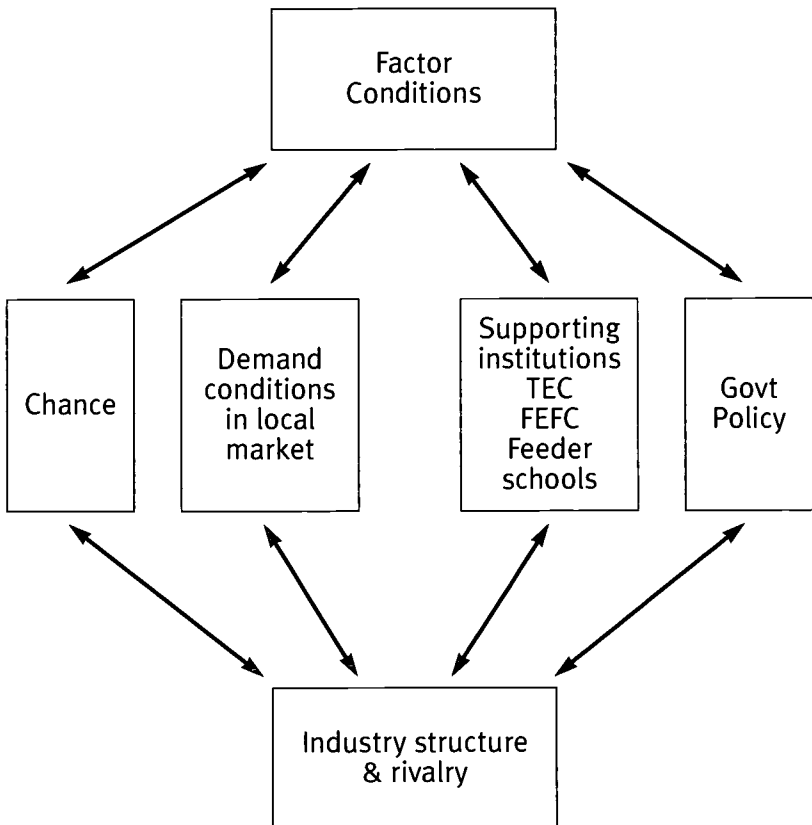


Adapted from Porter (1985)

## The Porter diamond

The Porter diamond is another useful concept. Originally developed to explain why different nations achieve competitive advantage in different industries, it suggests four key factors and two supplementary dimensions which influence national competitive success. We believe the model can be used to explain why some colleges are able to achieve a competitive advantage over others. An adapted version of the diamond is shown in figure 5 below.

**FIGURES 4.5: PORTER'S DIAMOND APPLIED TO THE FURTHER EDUCATION SECTOR**



### *Factor conditions*

These include the nature of historic relations with the LEA and the LEA legacy. Did the college benefit from a generous or a parsimonious relationship pre-ERA? Did the LEA attempt to asset strip pre-incorporation?

### *Demand conditions*

Is the college located in comfortable leafy suburbs with attractive environs and a well educated adult population with high aspirations both for themselves and their children? Is it located in a spoke or a hub of the local transport system? Is it situated in an area with especially favourable or adverse demographic trends? Does it have facilities and resources which are especially attractive to growth industries or is the local economic infrastructure in deep recession with high levels of structural unemployment?

### *Supporting institutions*

Is the local TEC, the Funding Council, the local authority sympathetic to the college's needs and goals? Are relationships with local schools good?

### *Structure and rivalry*

Is competition amongst local providers especially intense? Is there a large number of colleges trawling the same pool? Are there sixth-form colleges in close proximity competing for the same students and support from the same funding source, and do the schools have sixth forms?

## *The two supplementary dimensions*

### **Chance**

Does the principal have a particular vision of the future? Is this vision especially attractive to key employers who are prepared to provide sponsorship and support?

### **Government policy**

Is government policy sympathetic to the creation of more sixth forms in the area? Is the local TEC especially supportive of private providers? Is the locality in which the college is located to be designated an economic development zone or could it lose such status?

The creation of a 16+ market in education has transformed the landscape. Historic factors have ensured that some colleges find themselves relatively advantaged, others feel seriously deprived. The latter are striving to achieve a new equilibrium with their environment.

## **Generic strategies**

Organisations pursuing a competitive advantage can, according to Porter (1985), adopt one of three competitive strategies:

- broad cost leadership
- broad differentiation
- narrow focus

Broad cost leadership enables an organisation to compete on price. If overheads are low, this can be reflected across the product range. Figure 6 illustrates the three generic strategies. It should be noted that narrow focus strategies can be subdivided into two categories: narrow cost focus or narrow differentiation focus.

**FIGURE 4.6: PORTER'S THREE GENERIC STRATEGIES**

	<b>LOWER COST</b>	<b>DIFFERENTIATION</b>
<b>BROAD TARGET</b>	1. Cost leadership	2. Differentiation
<b>NARROW TARGET</b>	3a. Cost focus	3b. Differentiation focus

Broad differentiation is based on a perception that the organisation occupies an up-market position and is thus able to demand a premium. Oxford and Cambridge are typical examples in the HE sector.

Focus strategies in contrast rely upon niching. Organisations offer a few distinctive benefits to their chosen target group. Benefits may take the form of lower cost through specialisation and associated learning curve advantages enabling the provider to compete within the chosen segment. Alternatively, the focus may be on other exclusive benefits which place the organisation in an up-market position capable of demanding a premium for the benefits it delivers for its select clientele. One of the dangers Porter emphasises is that an organisation which lacks a distinctive approach to the market may unknowingly engage in two, or all three generic approaches, thus ensuring it is unable to achieve a distinctive advantage in any area. This he describes as getting 'stuck in the middle'.

Many college managers will argue that they are adopting a cost-focus strategy. In practice, we found the picture to be more complex.

## Empirical methods

Our research focus is the college as an organismic system. We felt diversity was important. As a first step we identified three areas of the country: London, Birmingham and South Wales. We chose London because of the diverse nature of its local economy; Birmingham because while it has a broadly based local economy, there is a clear bias towards the manufacturing sector; the South Wales valleys because they provide a contrast in several dimensions, particularly the economic. The Welsh Valleys have long depended on the coal industry which has recently collapsed, generating many social and economic implications.

Initially, we targeted 40 colleges within the three areas and sent each a postal questionnaire. We sought to gather information on the following issues:

- basic college profiles
- the challenges posed by chance and factor conditions
- relationships with external agencies
- governance and internal regulatory mechanisms

We received only 14 responses to this first approach. Four colleges regretted that work pressures made it impossible to take part. We then approached specific colleges with a view to conducting interviews. We persisted in using the questionnaire as part of our interview strategy and as a result built up a database of 14 colleges, four in London, five in Birmingham and five in South Wales. We tried to choose colleges in reasonable proximity because decisions made in one institution can affect the behaviour of others in the locality. The relative success or failure of colleges in meeting enrolment and funding targets was also a factor in our choice.

## Survey findings

The most striking feature of our research was the diversity of the competitive environment and the variety of responses to the challenges posed. Before examining specific contexts, it is appropriate to draw some general conclusions from our preliminary survey.

### *College profiles*

There were two distinct categories of provider in the sample: general FE colleges and sixth-form colleges. Budgets and student numbers in each category were diverse. Within the general FE grouping, the largest college had a Funding Council allocation 11.5 times that of the smallest (£17.5 million as opposed to £1.5 million). In the sixth-form group the gap was less significant. The largest college in the group had an FEFC allocation of almost £4.5 million while the smallest received £1.5 million. The variations in allocation for the years 93/4 and 94/5 were also dramatic. Within the general FE sector, funding allocations varied from +79%, as compared with the previous year, to -9%. Within the sixth-form sector the range was narrower, fluctuating between + 4.4% and -7.2%. Faced with these distinctions, a moment's reflection draws out the role of chance and factor conditions in shaping the rivalry within geographic catchments. Wide variations in local history and circumstance mean that indifferent college management can sometimes be sufficient for survival (at least in the short term), while talented leadership may not be enough to prevent closure or amalgamation in others.

### *The challenges posed by chance and factor conditions*

According to local managers, Birmingham LEA tended to deny colleges the level of resourcing implied by their size and commitments, especially in the run-up to incorporation. This obliged them to look for ways of reducing the salaries bill and generating substitute income, a chance situation which has left a historic legacy.



The few school sixth forms and sixth-form colleges in some Welsh localities contrasts sharply with the situation in which the Birmingham and the London colleges find themselves. Two of the Birmingham colleges, for example, are very close to at least 20 establishments they perceive as direct rivals, leading to a competitive intensity unfamiliar to some Welsh colleges. Changes in demography are especially feared by Welsh colleges in the more depressed valley areas because of potential outward migration.

In London and Birmingham other general FE colleges are seen as the major threat. This fear is also less acute in some of the Welsh valleys. Colleges in all three localities are concerned about school sixth forms. In Wales and London, access to schools with sixth forms is more difficult since schools took control of their own budgets.

A historic legacy in the form of a particular style of local government, combined with opportunity, has produced an entrepreneurial approach to the marketplace in Birmingham. Adverse local economic conditions combined with an historic paternalism in local government in South Wales, in contrast, appear to have blunted the entrepreneurial spirit. The absence of sixth-form colleges in South Wales also appears to have reduced the competitive intensity, although the tendency for schools with sixth-form colleges to retain their pupils is creating pressure to secure an increased share of other market segments. In short, chance and factor conditions demand that the focus of Systems Three and Four in relation to the external environment is different in the three localities.

### ***Relationships with the external agencies***

The London colleges receive the highest percentage of their recurrent income from the FEFC. Funding from the FEFCW for colleges in the South Wales Valleys as a percentage of total grant income is reduced because of a higher European funding arising from the area's depressed status. Welsh colleges also get a smaller contribution from the TEC. The London colleges receive the highest percentage contribution from the

TECs, while the Birmingham colleges receive the highest proportions of income from fees and full cost provision. Differences in TEC and European subsidy also contribute to variations in the competitive environment perceived and experienced by colleges. Changes in funding from sources other than the Funding Council are a source of anxiety for colleges both in South Wales and Birmingham. Sudden policy changes or shifts in the criteria for eligibility introduced in Brussels could have serious consequences for these institutions.

The Welsh colleges place more value on consultation with their local TECs than their English counterparts. In general, relations with TECs appear to be better in Wales. Trust and confidence in London is at a very low ebb following the collapse of the South Thames TEC, although there is some respect for TEC labour market intelligence. The picture in Birmingham is similar to London.

The Welsh colleges rated the information provided by the careers service as either of consistently high value or indispensable. The responses of the London colleges ranged from of 'some value' to 'indispensable' while the responses of the Birmingham colleges ranged from being of either 'no value' to being of 'some value'.

All colleges, except for one in London, put a very low value on the contribution of the Chambers of Commerce. Information from the HE sector was valued by most colleges in the sample. The contribution of employers' organisations was generally rated low but the input of local employers was consistently rated highly by all colleges with the exception of one Welsh college where lack of employer presence is the problem.

Traditional relationships with external agencies appear to be more intact in Wales. Some Welsh colleges have continued to use their local authority to provide wages, salaries and employee relations services. The English colleges in our sample sought early independence by building up professional cadres, often at considerable expense. Is the pattern in Wales necessarily a reluctance to break with the past? There

are several alternative explanations. One is cultural. South Wales has a strong collectivist tradition which may result in a more positive perception of the local authority's role. Another may be a practical manifestation of a broadly based cost-focus strategy. By negotiating a service from a local authority on a marginal cost basis, overheads associated with employing additional staff may be reduced. What is clear, is that the nature of the interaction between System Four and the elements which compose the external environment in South Wales is different from that in London. There are some similarities, however, between the South Wales colleges and the Birmingham inner-city colleges with regard to Europe, employers and employers' organisations. These differences do not extend to local government or to the careers service.

### ***Marketing and promotional activity***

Only two colleges in the sample were not seeking growth in the coming year. All have sought to place income generation on a more professional footing. Birmingham and London colleges have boosted their commitment to marketing since incorporation, both in terms of budgets and personnel. In Wales, the picture is mixed. The emphasis on promotional activity in all areas has also been boosted since incorporation. Two colleges in Birmingham have increased their activity and their expenditure virtually across the board.

London and Birmingham colleges have increased their use of mailshots and the radio. Use of radio occurred in only one competitive context in Wales but a group of Welsh colleges is, however, producing a TV commercial in a bid to reach school pupils. Wales has also seen an increase in the use of mailshots and course fliers, together with a general increase in the number of staff involved in marketing activity, although the scale appears to be less pronounced. All colleges claim to assess the effectiveness of their market research. The London colleges in the sample tend to be the most assiduous. Most colleges are trying to break with the image of the 'local tech.'. Flexibility, accessibility and the college

as part of the local community are points which are emphasised. Two colleges make quality a key point in their communications strategy.

Contact with the external environment is maintained through both System One and System Four. The boosting of budgets and the recruitment of marketing professionals at System Four, and the use of merchandising through fliers and mailshots, clearly indicate growing recognition of the importance of a pro-active stance and of monitoring its effectiveness. The allocation of funds to innovative strategies involving collaboration with other colleges highlights the difficulties some Welsh institutions are facing in reaching their 16+ target market. An emphasis on changing image and broadening their appeal to non-traditional groups also indicates their growing awareness of the importance of market positioning and of new market segments. The changes in contracts of employment mean that more staff time and effort at System One are being devoted to marketing in all three localities.

### **Governance**

The colleges with the largest boards of governors in the sample have 20 governors. They are most commonly drawn from Engineering and General Manufacturing, followed by Financial Services. Despite the growth in Retail and Distribution the presence of this sector on Boards is minimal. A smattering of professions is represented but there is no evidence of any pattern. The Welsh Boards are generally smaller, with more local government representation, once again reflecting a reluctance to sever links with the past. Only two colleges have independent trades union governors. Voluntary sector involvement is minimal. The use of subcommittees of the governing body is not extensive; most colleges are content with those which are mandatory i.e. Audit and Finance and General Purposes together with variations on Personnel/remuneration and Estates/buildings. This seems to indicate a recognition of the need to focus on strategic issues compatible with the role of System Five, leaving operational decision-making to System Four.

## ***Human resource planning and the corporate plan***

Human resource planning is reported as extensively used in London and Birmingham. It is absent in South Wales. Staff appraisal is also less in evidence in South Wales once again, perhaps, reflecting a cultural difference. Wherever appraisal is in place it is used for development purposes. Performance-related pay, when used, is restricted to senior managers.

The London colleges see the new contract and the match of lecturer skills as a problem area. With the exception of one college, the Birmingham group perceive accommodation as the main internal risk factor. All colleges see the new contract as a major source of internal risk with the exception of one, for reasons which will become apparent later.

## ***Internal regulatory mechanisms (Systems Three and Four)***

Guidance issued to colleges in support of the strategic planning process encourages managements to set targets for enrolment, attendance and achievement. The London and Birmingham colleges show a strong target orientation. Targeting as an instrument of strategic planning and delivery is less developed in Wales: there is a strong emphasis on enrolment and retention in South Wales but less on attendance and achievement. This pattern is repeated in the inner-city areas of Birmingham where college managers express a desire to see added value as a priority, a sentiment shared by the Welsh. The growing emphasis on targeting points to a strengthening of System Four, though, as we shall show later, the way these targets are agreed reflects a divergence in management styles resulting in qualitative changes in relationships, in particular between Systems One and Three.

Ever since colleges took control of their budgets systemic weaknesses have been apparent. Throughout 1995 there have been ominous predictions that a growing number of colleges are facing financial difficulties. Serious systemic weaknesses have been highlighted by an FEFC report of the first full external funding audit of college funding

claims — based on enrolments in 1993/4. Adjustments were made to payments to 167 colleges, more than one third of the sector. (FEFC Circular 95/29.) In a THES poll of nearly ten per cent of the sector's college principals, almost 75% pointed to managers' inability to keep control of labour and other costs.

In our survey academic salaries ranged from 42%-76% of total recurrent expenditure. The Birmingham colleges tend to commit the smallest proportion of recurrent expenditure to salaries and the London colleges the greatest.

Generally, the English colleges have not used external consultants to advise on the management of change except in the two areas of marketing and efficiency improvement. The Welsh colleges appear to be more open to the use of external consultants — only one college had not done so, because of cost.

One of the Birmingham colleges uses a benchmarking service. This involves submitting data, in confidence, on a range of statistical performance criteria to an independent private company. The college receives information profiling a number of other colleges with similar characteristics. By comparing their indicators, managers are able to assess their performance and target areas of weakness. This suggests a heavy reliance upon internal and perhaps subjective techniques for diagnosing systemic limitations and shortcomings. If this represents the national pattern, there is a clear need to strengthen the quality of feedback loops between internal subsystems.

## **Emergent strategies**

Earlier we referred to Porter's three generic strategies. One of the aims of our interview programme was to assess the extent to which colleges are adopting distinctive strategies. In a commercial environment a cost-focus strategy is designed to deliver product to customers at a competitive price. Unfortunately, in the educational marketplace there are other customers apart from students, each with different perceptions

of value. Employers and Government are the most obvious. This makes strict analogies with a purely commercial environment difficult. The problem is compounded by the Government's commitment to convergence (the equalising of costs across the sector). Prima facie this produces a cost-focus response in all institutions. Of course, cost reduction is a priority in the commercial environment even amongst organisations committed to differentiation. It is also clear that the options available to different types of competitor are constrained. Sixth-form colleges and schools with sixth forms are by definition obliged to pursue a narrow focus strategy. However, as we shall see, some Welsh schools are systemically encouraged to assume a cost-focus approach. Sixth-form colleges, in contrast, are more likely to adopt a narrow differentiation emphasis based upon academic attainment.

The position among general FE colleges is less constrained. One Birmingham sixth-form college principal commented, 'In terms of market power we are little more than a large department of a college of FE. As such we are very vulnerable. If some of our feeder schools are allowed to establish sixth-form colleges we would be in real trouble. We have no alternative but to excel.'

## **What patterns are emerging within the FE sector and what systemic implications are likely to result?**

### ***The introduction of new contracts***

Staffing represents the most significant cost driver for colleges. Prior to incorporation academic staff were employed on conditions of service laid down in the Silver Book, a set of nationally negotiated collective agreements. Provisions of the Silver Book (Salaries and Conditions of Service for Lecturers in Further Education) were amended from time to time. For example, in 1988, the LEAs and unions agreed that lecturers' working hours per week could be calculated by taking an average over the whole year.

Following incorporation, Government encouraged colleges to break away from the Silver Book and introduce new contracts of employment even to the extent of withholding funding. A new body was established to negotiate on behalf of employers, known as the College Employers Forum (CEF).

All the colleges in our sample considered new contracts to be essential. Most are supporting either the CEF contract or variations of it. One college has chosen to go its own way. The degree of commitment to the CEF approach varies.

The vice principal (VP) at one Birmingham college described it as 'a very firm supporter of the CEF contract' which she sees as a device for breaking the cultural mould and the hold of the 1970s cohort of staff. She regarded the 1988 averaging reform as 'quite insufficient. The college has never been a Tech., it has always been a part of the new FE'. That VP and personnel manager devoted three weeks to meeting staff and explaining the situation. Despite their efforts, management encountered more resistance than expected. According to the vice principal 'There was no gap in information but staff still resisted.' The hostility is attributed to the fact that the college has a high proportion of female staff who fear the demands of the new contract, particularly in relation to the working week and also the loss of 12 months' notice of redundancy at a time of high unemployment.

Two of the other Birmingham colleges support the CEF contract. At one, 180 staff are now on the new CEF contract (although 50 are still on Silver Book) as the result of a generous offer of 2.7% plus two increments all in one go. At the second, negotiations are still in progress.

The London colleges we spoke to also support the CEF. One vice principal sees it as part of the ongoing battle to overcome resistance to change.

The attitude of management of the Welsh colleges was more ambivalent. One vice principal described the approach of the CEF to the employment



contract as 'not always helpful'. Other managers in the principality have more robust views but are reluctant to be quoted.

By and large, managements in Wales have adopted a wait-and-see approach. Staff have been recruited on new contracts and existing staff who have received promotion have had to accept new conditions of employment but confrontation is not being sought:

*In the Welsh valleys we are a community, we live and work together. We have contact with colleagues in other roles outside work. If there is to be a confrontation then it should at least reflect local circumstances and the needs of the situation as perceived by management and governors.*

*Welsh vice principal*

These sentiments are shared in Birmingham. One assistant principal, explains:

*The CEF contract just does not meet our needs. We have negotiated our own contract which all our staff have signed. It meets our requirements and others are starting to emulate it. Our philosophy is that we want commitment. What we need are staff who will work to both the spirit and the letter of the Silver Book. That is what we have and it gives us the flexibility we need. Our staff are happy and motivated. This is reflected in what has been achieved.*

When pressed, the majority of managers suggested that their institutions needed the new contract not because of immediate plans to innovate but because they feared loss of competitive advantage if their competitors changed their approach.

### ***The core-periphery model as a cost-focus strategy***

Differences in approach to the new contract are not the only sources of tension between management and staff. Alternative philosophies to the human resource are also apparent. Some colleges are strongly committed to the core-periphery model developed by Atkinson (1984), others are not. The model suggests that as work becomes more

knowledge based, firms will retain an inner core of key workers who enjoy good conditions and high levels of security. There will also be inner and outer periphery groups. The former will possess skills which while not essential, are fairly difficult to procure. They will have moderate pay levels and job security. The groups on the outer periphery will have less job security, lower wages and work often on a casualised basis. Two of the Birmingham colleges for example have adopted this approach: at one, much of the curriculum is delivered by visiting lecturers working a range of hours. The other, following the European decision preventing employers recruiting part-time staff on reduced conditions, is now opting for part-time fractional and full-time posts. Currently it has 180 full-time staff and 200 visiting lecturers.

### ***Suspicion of the core-periphery approach***

All the managers interviewed took the view that incorporation had imposed new disciplines which demand that managers become more professional. The quality of communication, conditions of employment and HR policies are helping to reinforce or change existing culture.

As one vice principal put it, 'the atmosphere has become more distrustful as managers have come to realise, the buck really does stop here'.

## **Patterns of strategic responses**

### ***Successful differentiation***

One of the Birmingham colleges eschews the core-peripheral approach and is instead committed to a full-time establishment. Over 90% of staff are employed full time. The culture and management style there seem to be evolving rather differently to colleges which have elected to impose the CEF contract. It favours full-time contracts because of the additional continuity and commitment which it brings which is seen as essential in securing and sustaining quality. The principal has sought to strengthen

the management team by bringing in senior managers with industrial experience. Management is committed to an empowering philosophy which includes devolved budgets and a bottom-up approach to planning and strategy. The college's heavy commitment to training is made possible by the full-time establishment. It seeks to differentiate itself both in terms of quality and market position and is one of the few colleges in the country to hold BS5750 for the entire establishment. The majority of enrolments are on advanced courses. In 1994/5 the college increased its enrolments by 40%. A further 25% increase is predicted for 1995/6, a figure which is likely to be boosted further by the takeover of a sixth-form college.

### ***Staff-management relationships***

One London college which is an amalgamation of three former institutions has 1500 full-time equivalent (FTE) students, 249 full-time staff and 56 visiting lecturers. The principal, who had been in post for three years at the time of our meeting, described how 28 managers attended his first senior management team meeting. As a first step this number was reduced to 13; the new principal felt there were too many layers giving rise to poor communication. He embarked upon a strategy of de-layering management. (At the time of our meeting a redundancy programme of management personnel was still progressing.) Such scenarios are fraught with potential for conflict. This appears to have been avoided and the moves have not been resisted. There are two reasons for this: the budgetary process has been made transparent and budgetary information is being communicated to staff at regular Friday meetings. By using spreadsheets linked to an overhead projector, the principal has created 'what if' models which simulate alternative funding scenarios produced by different recruitment out-turns. Managers have discretion to allocate resources within a trade-off framework. The implications are discussed with the staff concerned. They understand the relationship between recruitment and resourcing.

This communication system has paid dividends. When a local TEC collapsed, the college was owed £800,000. While at the time of our meeting every effort was being made to recover the money, college management were not optimistic. Involvement and empowerment are attenuating problems which might otherwise overwhelm System Four.

Three other colleges in our sample were also conspicuous in the emphasis they gave to effective communication between Systems Three and Four and System One. Each engages in an iterative two-way flow of communication in which staff and line managers prepare the initial plan for the department. At one college, for example, managers are encouraged to develop alternative computer-modelled 'what if' scenarios with their staff. These are then passed to senior management to refine. To date, all three colleges have been successful in delivering their strategic plans.

### ***A cost-leadership strategy which failed***

The area in which one Welsh college is situated is characterised by:

- low economic activity (35% of those in employment receive income support)
- low participation rates (20% of young people are entirely missing from the educational system)
- serious overcrowding in housing
- high levels of permanent sickness in the population

Since the mid 1970s the traditional departments of the college have been downsizing almost continuously, particularly in respect of staffing. Two departments now have 50% of the staff they had pre-incorporation.

In the academic year 1988/9 the college had 158 full-time students, 468 part-time day enrolments and 548 evening-only enrolments. By 1991/2 the college had built up its full-time enrolments to 313, its part-time day enrolments to 630 and evening enrolments to 950. In 1993 the FEFCW's

transitional funding arrangements had a devastating impact. Evening provision under the transitional arrangements was to be funded at 0.075 of an FTE. The college had the wrong profile and it had to cut back its provision by 50% in order to survive.

This is an example of a college where demand conditions have been unfavourable, rivalry intense, supporting institutions unsympathetic, and chance and government policy have played an adverse role. This college is merging with another.

### ***Using market power***

According to the Funding Council's assessment of strategic plans for London colleges, 76% see a real competitive threat from other colleges. One of the London colleges, which sees school involvement in GNVQs, combined with the removal of assisted fares for students, as a real problem is an exception. During 1993/4 the college achieved growth 20% above its declared target. This is not to say the college is without competitive pressures. Competitive pressure is also being generated by a local sixth-form college which is well endowed and supported financially by the local borough.

The college is capitalising on its central London location and marketing itself aggressively overseas, particularly on the Pacific Rim and in Denmark, Sweden, France and Spain. It has an £18 million budget and has made major investments in upgrading accommodation. The Performing Arts, Art and Design and Fashion and Textile areas are all thriving. Despite a reduction in road building, a housing overstock and the general recession of the local construction industry, the college has taken a long-term view and invested in its crafts area with the aim of becoming a Centre of Excellence for the industry. By retaining its skills base it aims to outlast its competitors and benefit from an eventual upturn in the sector.

In terms of the five forces and the Porter diamond, the College is a powerful player. The structure of rivalry within the locality, while fairly

intense, is manageable for a college with such a large budget. Overall, demand conditions are favourable and endowed factors in the form of the local economy are diverse. The College is able to generate almost 14% of its income from tuition fees and charges, twice the level generated by some institutions in South Wales and will continue to attract substantial support from the FEFC.

## Conclusions

Incorporation has resulted in colleges ceasing to be stable organisations. Instead, they are constantly striving to regain equilibrium in an environment of increasing flux. There is considerable environmental diversity: management styles are having to adapt and team-oriented methods which generate requisite variety are clearly in the ascendancy.

Whilst it is still 'early days', there are indications that many colleges are prisoners of factor conditions, industry structure, rivalry and chance. Their adaptive capacity is a function of the quality of their regulatory systems and internal and external feedback loops. Sadly, in some cases history and chance will defeat sound management, but many colleges are embracing new thinking and have created new structures since the FHE Act (1993).

All colleges are having to concentrate on cutting costs. Strategies for improving efficiency and effectiveness are producing different approaches to human resources. Some colleges have committed themselves to a cost-focus approach. The core-periphery model they adopt requires them to become more autocratic in response to the need to manage new complex working relationships. Others appear to be embracing a differentiation focus, using quality to shape culture and empowerment to deliver competitive advantage. Which will deliver greater success? At this stage it is too early to say. The VSM suggests that the quality/empowerment model will generate greater adaptive capacity. What is clear is that institutions which adopt a differentiation

focus are more likely to assume up-market positions, whether they are narrowly focused sixth-form colleges or broad differentiators.

The new funding methodologies are demanding higher standards of managerial professionalism. Some colleges are harnessing industrial expertise at both governor and managerial levels. Marketing strategies are becoming more diverse.

In terms of efficiency the new contractual relationship between the Funding Councils and colleges may be seen as a welcome development. It is, however, a narrow conduit. The message that colleges must cut costs is certainly getting through. Will upward feedback loops possess sufficient sensitivity to promote timely responses on the part of government operating as System Five? Reports that funding mechanisms may be failing to recognise the high costs of providing engineering courses, for example, may be symptomatic of a deeper problem. A significant number of craft and engineering departments closed in 1995. (THES November 10th 1995, Page 52 'Principals fight engineering cuts'). Decisions to close made by individual college managements in a bid to cut costs will leave random gaps in provision which may not reflect the future needs of industry.

Colleges may become more efficient but if Government lacks requisite variety, will national competitiveness suffer despite the rhetoric of the recent White Papers?

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# Chapter 5

## Managing for learning after incorporation

**Nigel Bennett and Lesley Hagon**

### **Context**

In terms of the curriculum, incorporation was not perhaps the crucial change visited on FE colleges. NVQs, GNVQs, and the impact of TECs were all, perhaps, more immediately important to curriculum managers as they promoted ideas surrounding competency-based assessment in the workplace, modularisation, open or flexible learning and a stronger sensitivity to market interests. But incorporation introduced a new strategic element into the discussion. By making colleges entirely responsible for their own survival, including obtaining the funds they needed, it forced them to consider the whole nature of their work, its intentions and the demands of the markets it could serve. In particular, changes in the funding arrangement made by FEFC(E), so that colleges have not only to recruit their students but also retain and graduate them, make it necessary to think carefully about what is provided and how, and to do so at a whole-college rather than individual course or unit level. Colleges which might have continued simply to

accommodate the changes demanded by new curriculum arrangements had now to enable them to take place, and to decide which ones to promote and which to ignore.

A key dimension of the changes resulting from FEFC funding and contracting with TECs for local training is the increasing emphasis on the quality of a college's 'output', and its relationship to levels of funding. Colleges must be both effective and efficient. Students must graduate; they must be recognised as having received good training; and TECs and the FEFC must be able to see that costs are not excessive. Thus the quality and balance of the curriculum, the quality of teaching, and the resources involved, all become important in the management of learning.

This chapter looks at the moves made by three colleges to respond to their changing circumstances in the context of incorporation. The colleges were selected according to geographical location and size in an attempt to obtain a representative view of experience across the country. One was in an inner-city location, one in an urban location, dependent on rural communities and one in a large urban setting. During 1995, interviews were held with staff, from the principal through to heads of department and section heads, to explore both the policy changes and restructuring — what took place and how it was done. Participants were asked about changes in the curriculum and in the management of student learning. We found that there was a mix of common responses to general pressures and specific changes to deal with immediate local circumstances. Although the outcome was three colleges moving in similar directions, they were not doing so along parallel tracks.

### ***The colleges***

Delta College is a small urban college with, until 1994, traditional FE college provision of catering, hairdressing, light engineering, building crafts and motor vehicle maintenance. Kappa College is a large inner-city college that also operated in fairly traditional FE style with

engineering and light industrial-based curriculum provision. Sigma College is an urban college in the Midlands. Formed as part of an LEA commitment to community education, it had provided a predominantly business studies and engineering-based curriculum.

All three faced the issue of survival. Delta had been identified by the FEFC as expensive. A financial analysis of its position in early 1994 revealed a deficit budget. Kappa had experienced substantial cuts and redundancies. Little support was available from the LEA, which with its own financial problems had removed itself from the management of non-statutory provision before incorporation. For Sigma the loss of LEA community-funded provision due to cuts in the education budget has been difficult, especially in relation to the funding of individuals for courses.

Both Delta and Kappa experienced a fall in student numbers based on the decline of local industry but prior to incorporation neither college had responded to it. At Kappa high unemployment had not influenced college activity, which had continued with little regard for fragmented course recruitment. Sigma had witnessed a decline in the local engineering and motor industry. Changes in the designation of local sixth-form colleges to FE colleges meant that there were also other providers in the area offering vocational and academic courses.

Delta had undertaken some course modularisation but at Kappa little had changed in course content and design in the preceding ten years. Sigma had introduced NVQs in some areas with limited success but now found itself in competition with other local colleges.

In all three cases there have been gradual changes in the student profile. Students come from a wider age range and have a much broader base of needs than in other sectors. One of the issues arising from incorporation and the new funding methodology is the need for colleges to pay more attention to their students' needs. At Kappa, students were seen only in relation to the classroom and little was done to support their social situation or address issues related to recruitment and retention.

There was evidence of harassment and violence on campus. This was in an area where increasing poverty and violence directly affected students' ability to take advantage of educational opportunities. For Delta, in a middle-class, affluent small town, the tradition of FE student attendance from local schools with no sixth form ensured a stream of students. Stability extended to the staff as there was little turnover. However, the opening of a sixth form in a local school and the fact that many secondary schools in the location had taken GM status thus extending their provision meant that this stability could not be taken for granted. For Sigma, the major issue was the competition for the student population.

### ***Analysing the process of change***

Analyses of the process of change have focused on the strategies available to individual managers introducing specific innovations or on the factors which are likely to lead to successful innovation. Bennis *et al.* (1985), identified three change strategies, which they called power-coercive, rational-empirical and normative-re-educative. Each rests upon a different set of assumptions about individual motivation. Managers employing power-coercive strategies assume that their colleagues will respond to the sanctions they can call upon by virtue of the authority of their office, while those who employ rational-empirical strategies assume that everyone can be persuaded of the wisdom of a course of action by rational argument and evidence that it 'works'. The normative-re-educative approach attempts to persuade colleagues that it is in line with the personal values upon which they base their everyday actions, and if necessary to work on those values in order to change them. Thus managers attempt to influence the 'assumptive worlds' (Young 1981) or 'theories-in-use' (Argyris and Schon 1974) so that their colleagues actively want to change their actions in the direction the management wishes.

Most commentators on Bennis *et al.* indicate that the normative-re-educative strategy is most likely to lead to what Fullan (1982) calls the

institutionalisation of a change in policy or practice — the stage when an innovation has been initiated and implemented, and is now taken for granted as part of normal practice. However, there may be reasons to doubt this. Fullan (1991) points out that it may be necessary to manage innovation through a judicious combination of carrot and stick: requiring colleagues to start the change in the hope that the benefits will be apparent as soon as they become confident in its operation, and providing lots of support as they get to grips with it. It may also be that when the future of the organisation is seen to be in jeopardy, a combination of power-coercive and empirical-rational approaches may be equally successful in getting change started. Management demonstrates that unless the changes are made, the organisation will close, and staff accept that, whether they like it or not, the change is better than being out of work. But Fullan is at one with Bennis *et al.* in arguing that for an innovation to become fully institutionalised it has to become an established part of the value-system of the individuals who have to work it.

Fullan (1991) suggests that the character of the innovation being introduced interacts with characteristics of the organisational setting and its wider environment to shape the likely success of the change. The characteristics of the change link to both the rational and value-based assumptions of individual action. The more it is acknowledged to be meeting an identified need, the clearer the goals and values of the change, and the more the complexity of the change can be identified and understood, the more likely an innovation is to succeed. A fourth consideration is the extent to which enough time is taken to ensure that new curricula are properly prepared, of high quality and 'de-bugged'.

A second set of factors relates to the people involved. The principal's role is crucial in 'shap[ing] the organisational conditions necessary for success, such as the development of shared goals, collaborative work structures and climates, and procedures for monitoring results' (Fullan 1992, p.117). Similarly, the actions of individual staff are crucial and Fullan refers to studies of curriculum innovation which stress the

importance of peer relationships and open, trusting communication between those involved in an innovation. Organisational culture is a crucial variable here, and the extent to which it is possible to identify a culture of integration (Meyerson and Martin 1987), in which the values and norms of individuals and sub-groups pull strongly together to create a coherent whole-college culture, is likely to influence the strategy available to change agents.

The last set of factors in Fullan's analysis is external factors. In FE, these are government decisions on funding levels, and their interpretation by the FEFC, and the local economic setting, including individual employers, their organisations and local training agencies such as TECs. A further factor may be the nature and extent of any competition to provide the vocational and other non-advanced further education being offered by the individual colleges.

Environmental considerations suggest that, while national decisions to move to incorporated, independent FE colleges funded through a universal formula-based approach will create certain imperatives to change in a particular direction, these may be mediated quite significantly by local circumstances. Different organisational cultures may lead to quite different change strategies and degrees of success within them. Thus, this study of changes in the management of learning in three colleges will both identify the change strategies involved and examine the impact of the innovations.

Fullan's detailed model of the change process goes on to identify a number of 'themes' in the implementation process, which have a bearing on questions of change strategy. He suggests that implementation involves, first, vision-building by senior management/leaders, so that there is a clear picture of what the college is attempting to do and how the individual changes fit into that. Secondly, there must be evolutionary planning, in which the big picture does not obscure the problems that might be encountered. This matches Kanter's (1989) message of having a plan but learning by doing or Peters' (1987) injunction to invest in applications-oriented small starts. Thirdly, it is important that an

atmosphere of initiative-taking and empowerment is created through the willingness to allow small starts, and this must be supported through staff development and resource assistance. Monitoring and help are also crucial, if individuals are not to flounder in a sea of uncertainty and insecurity. And lastly, it is necessary to be prepared to undertake substantial restructuring of the workplace to allow for the development of these innovations.

## **Changes made: the similarities**

As stated earlier, the national decision to move to incorporation created certain imperatives to change in particular directions that were shared by all colleges and to some degree there was similarity of response. We can look at these under three headings: introducing a customer-driven, market-led pattern of provision; creating a 'learner-driven' culture; and strengthening the administration to enable these changes to occur.

### ***1. Customer-driven, market-led provision***

To attract students, all three colleges introduced systems to identify the needs of actual and potential students, review their curriculum provision and consider the appropriateness of their delivery model. An analysis of students and where they were located showed that the current curriculum offer was no longer appropriate to the needs of the business community and those areas which were appropriate required rethinking about course design, resources and space utilisation. Areas of traditional FE activity, such as light engineering, building crafts and motor vehicle maintenance had been affected by the recession and major developments in technology. Relationships with employers had changed and the practice of work placement had been affected. In other areas such as catering, business studies and hairdressing different approaches were required to the management of learning as a result of the introduction of NVQs.

The new structure put in place at Delta was typical. Building Crafts, Engineering and Vehicle Maintenance were placed in Technology, reflecting the move away from a heavy craft emphasis. Brickwork & Fabrication were dropped from Building Crafts and Welding from Engineering as these areas did not recruit. Hair & Beauty, Social Care and Catering were all upgraded and refurbished. Catering was turned into a restaurant and run as a commercial venture, and hairdressing into a salon, sponsored by a hair-care firm and run by a manager. Both developed commercial outlets advertising services to the public. Links with hotels and local restaurants helped identify the courses that would appeal to the leisure industry. The range of provision in Hair & Beauty was broadened to cover alternative and holistic therapies to attract older students, and sports therapy to support the local leisure/tourist industry. A Nursery providing facilities for students and staff, made it possible to train Nursery Nurses and develop the curriculum offer in Social Care. Secretarial skills were upgraded to business studies and new computer equipment enabled students to develop a wider range of computer skills. Emphasis was placed on training medical and legal secretaries to fulfil local commercial needs.

Changes at Kappa and Sigma were similar, but in these two cases it was possible to change the use of space, and at Sigma, they moved to franchise out the heavy engineering work to other centres.

## **2. A 'learner-centred' culture**

All three colleges concentrated on the modularisation of courses and completed the introduction of NVQs. They recognised that negotiated learning programmes, encompassing a variety of learning environments, approaches and styles, are an effective approach to meeting the individual learning needs of FE students. Greater emphasis was placed on individual and small group tutorials, developing project work assignments and resource-based learning. Two of the colleges introduced open learning centres and one a drop-in centre to provide support for individual students experiencing difficulties in learning and



study skills. Time allocation to courses and subjects was changed as programmes of study were set up. In two colleges this allowed core programme time to be spent in small group work, ensuring that students gained underpinning knowledge of the course, enabling them to utilise the assignment-led self-supported study elements.

The need to ensure completion of courses and demonstrable results led all three colleges to pay greater attention to identifying students' initial needs, providing advice on courses and wide ranging pastoral support. All three colleges have expanded their Student Services departments, recognising an essential feature of an openly student-focused culture. All showed a greater awareness of student needs in relation to the difficulties that might prevent them from completing the course and provided information on housing, benefits, funding and health. They also recognised that the complexity in course design made it necessary to provide advice about pathways for progression through the college's provision. The task of explaining how to go about getting qualifications through a modular approach became a specialist service which required upgrading in the status of administrative staff.

All three recognised that students needed to make informed choices about courses and programmes of study, so before the students enrol they provide as much information as possible. The quality of information about courses has improved with the development of corporate design and a marketing strategy: one college has set up a Marketing Unit. Both Delta and Kappa took on a pre-admission role and Sigma has broadened the scope of its college documentation to give more information on services available to students, details of courses, fees and so on, and invested in a building for the advice and information centre. All placed great emphasis on the initial analysis of student capability, and on clarifying the demands of the course, introducing induction programmes which include diagnostic testing to assess learning difficulties .

### **3. Strengthening administrative support**

Colleges need to keep track of student numbers. The funding mechanism of the FEFC relies on accurate monitoring of student numbers to secure monies. This pressure resulted in the development within all three colleges of centralised admissions procedures alongside investment in management information systems. All three introduced year-round enrolment. The higher order computer literacy required by administrative support to cope with the consequences of this work raised the status of the registries, as well as increasing their staff. All three employed specialist managers especially for finance and resource management in order to monitor expenditure and manage assets more efficiently. However, details of these reorganisations varied substantially between the colleges. At Kappa and Sigma, there was simply a strengthening of the administrative function, and a clearer delineation of business functions. Delta, however, transformed its student services unit into a client services unit, staffed by administrative personnel. It included, alongside an enhanced student counselling function which was found office space close to the college reception, an enterprise and marketing unit, as well as a revamped reception where receptionists were given uniforms and trained in the national perspective on FE, customer care and product knowledge.

### **Changes made : the differences**

All three colleges needed to review curriculum activity and identify new sources of income. Their actions, however, were all different and linked to their locality and values. Delta looked to the future in determining what could be curriculum demand, Kappa considered increasing availability of provision linked with the development of a new site and at Sigma prospective changes were within those that were feasible given the competitive local market.

Each college displayed a different philosophy about management structure. Kappa wanted to be 'fit for purpose', capable of managing and

responding to further changes by being flexible in its management structure, but continually focused on student learning. Delta's vision was a more businesslike commercial organisation with the essential ingredient of efficiency to ensure effective student learning. For Sigma long-term survival was seen as depending on the delivery of a quality service that allowed for the needs of individual students. Its emphasis, then, was to demonstrate and market its service and accentuate its experience in managing learning for a wide range of people.

## ***Sigma***

Sigma concentrated on ensuring that provision met requirements and students could get what they wanted. Although staffing had to be reduced for financial reasons following incorporation, it was accomplished by 22 retiring, including three faculty heads and three members of the senior management team. Faculties (Administration, Resources, Curriculum Quality) were redesignated sectors (groups of departments/courses that had some relationship with each other) and existing faculty deputies were promoted to sector managers. Within sectors divisional leaders (equivalent of heads of department) oversee course teams (with course tutors and teaching staff).

A series of audits assessed the quality of the existing services, and resource management was upgraded to monitor finance and records more effectively and maximise resources. A head of quality (previously a faculty head) was appointed to lead the initiative, and some staff were involved through voluntary working parties. Audits were carried out on advice and information services, personal tutors and access to Humanities, Engineering and Business Studies Systems. Procedures were reviewed and/or introduced with supporting documentation and structures put in place to ensure effective communication. Working parties identified standards and produced papers in the areas of human resources, standards relating to the TEC, document control, accommodation, refectory service, assessment of prior learning and internal verification.

In order to broaden the range of curriculum provision, franchising courses into the community was extended and the college successfully obtained the contract to provide all the LEA's English for Speakers of Other Languages (ESOL) provision. This extended the college's profile across the geographical area and developed further outlets for advertising. Senior management saw its future as a gatekeeper, accessing students into routeways for learning. Franchising also meant that the range of provision could be extended into areas hitherto considered unviable. This balanced the provision which was dropped because of competition from other colleges and began to redefine the student profile targets. The college targeted mature students by offering option programmes (in terms of course length, career apprenticeship, modularisation, location). These provided students with programmes of study where they were counted as a FEFC student and therefore attract funding and various routes for them to retrain and/or gain qualifications.

Emphasis was placed on the part played by the course tutor and each full-time student was allocated a personal tutor. The course tutor is responsible for managing the teaching team, administering the timetable, liaising with the internal verifier (who is often a divisional leader) and dealing with students' academic progress. The course tutors ensure the library is sent a copy of assignments so that resources can be identified and put out for students. The personal tutor acts as a counsellor, managing a portfolio of students and ensuring that those with individual learning action plans are making progress. In this way the college would have the mechanisms in place to provide support to students experiencing difficulties. The college has felt the reduction in LEA funding for individual students and has recorded an increase in the use of the hardship fund. Assessment of skills was introduced at enrolment with referrals to learning support. Students are then able to attend a weekly basic skills workshop and develop a learning plan which is passed to the personal/course tutor.

Although this placed pressure on course tutors the changes were felt most by divisional leaders, previously heads of departments. The aim of the strategy was to empower middle management, although it is recognised that their administrative workload has increased. Divisional leaders hold responsibility for the implementation of the recommendations arising from the internal quality audits, for the allocation and monitoring of budgets and for verifying courses. By opting for a quality-based structure with reporting channels operating cross college, they are involved in greater decision-making while at the same time liaising with a broader range of people.

Sigma supported the changes with an extensive staff development programme. Staff were given opportunities to gain qualifications not only in curriculum areas but also in management development and training. Clear processes for needs identification and analysis have been developed which in turn relate to the college action plan and targets set. IT skills updating in line with the curriculum changes in certain subject areas, management training leading to MA and MBA were offered to all middle managers. An equal opportunities programme was offered and a tailored NVQ developed for all administrative staff. The programme now extends to 'training the trainers' and is better informed following the introduction of a staff appraisal scheme.

Apart from the modification of some specialised areas to accommodate changes in course design and the relocation of the student advice and information centre there was no programme of refurbishment. In contrast, the other two colleges decided that it was important to change the physical appearance of the college.

### ***Kappa College***

Kappa needed to prioritise making the college safe for students. Security systems were introduced and incidents of harassment were dealt with swiftly. The administrative block was decorated and student areas refurbished. The learning centre was opened, enabling groups to

have access to computers and dedicated space for individual private study. Classrooms were decorated. In all of this students were consulted. Three sites of the college were sold off so that a more strategic location could be bought and refurbished to accommodate specialised subject areas.

The new principal decided that radical changes in management were necessary so that the college could immediately develop the means to ensure its own survival. She called this 'developing capability'. The old structure of 12 independent departments, which had led to duplication and overlap, was abolished, and the new curriculum model, resting on three faculties — Business, Technology and Services to People — set up providing a new management system, based on the visual metaphor of the 'dahlia' — a multi-petalled flower. The metaphor was seen as appropriate because of its organic connotations of growth and renewal and therefore its symbolic endorsement of change. The retirement of ten of the 12 heads of department allowed for recruitment into the new organisational structure to support the delivery of the 'dahlia'. Senior staff appointed were allowed to consult with department based staff, design a management structure appropriate to the function of their departments and appoint staff into it. The structure of the college became faculty-school-programme-course.

At the centre of the 'dahlia' four corporate service departments were set up to support the centralisation of administrative and student support systems. These were Learning Resources, Supported Learning, Student Services and Curriculum Services, co-ordinated by the director of Learning and Curriculum Services. This set student needs at the heart of curriculum planning. The head of Curriculum Services was an innovative post which supported the philosophy of developing the college's capacity to manage change. This post has responsibility for the development of the curriculum — not only what was currently being delivered but also planning for new courses. Its holder looks for opportunities to generate activity by seeking out funding or facilitating the dissemination of ideas and resource materials cross college.

By placing Learning Support alongside Curriculum Development the college demonstrated its commitment to placing students at the centre of all activity. Students are assessed on entry and matched to the identified learning requirements of the course. Management information is being computerised; going beyond providing admissions data to tracking student progress and relating actual activity to individual learning plans. Additional Support personnel are then allocated to schools and programmes to work alongside course teams supporting individuals or groups.

Responsibility for individual staff development is delegated to departments along with restructuring in line with the needs of curriculum areas. The resulting fragmentation of staff development needs addressing within the development of a centralised programme, but it has been in line with management's overall strategy of involving staff in the process rather than imposing it on them.

The senior management team were set up as the principalship. The posts designated within the principalship — academic planning officer, performance review officer and policy assistant — endorsed the commitment to pro-active boundary management and information exchange. Staff were encouraged to attend courses, conferences and operate within national, regional and local networks so that the college received as much information as possible. In this way it set up a mechanism to play 'futures' and ensure that strategic planning remained informed by the needs of the sector. An open communication system based on briefing papers enabled individuals to disseminate information across the college quickly.

Following consultation a student charter was devised as the mechanism to establish students as learners at the centre of college activity. It set out clearly what the students could expect from the college and what part the student played in their own learning. This initiative started the process of articulating and clarifying procedures and systems, endorsed by the use of a corporate identity, for all stages of the students' experience through the college.

Student-centred learning places greater emphasis on the need for quality practice in relation to teaching and learning. A range of generic teaching skills which each course tutor should employ to deliver effective learning was recognised. An internal moderation team supported by published guidelines was set up to carry out classroom observations and give feedback. Staff also undertook a development review of practice. Documentation was produced defining college procedures at all levels, in accessible language, for students as well as staff.

The heads of department had to manage several changes at the same time. Some were required to initiate curriculum changes, the redesignation of learning areas, a new organisational culture and new working practices, including the management of staff development and budgetary responsibility. Programme area leaders were created to take responsibility for specific subjects courses but heads of department bore the brunt of the workload in that they were involved in implementing the new structures.

### ***Delta***

Delta also went for a very visible development of a new environment, the reorganisation of the timetable and a major management restructuring. The reception was refurbished with student services next to it, as were the hairdressing salon and restaurant. The open learning centre was created by opening up the library area and adjoining classrooms. Extensive work during a holiday period brought in computers and IT systems. Staff were given uniforms and classrooms were refurbished and, in some cases, made smaller to accommodate tutor teams. One of the college sites was sold and another refurbished for more specialist use in media studies, reflecting the change in provision and an identification of a future market.

Working timetables were set up to support the development of self-supported resource-based learning with a maximum student learning time of 21 hours and a staff working year of 35 weeks (30 weeks



teaching, three weeks resource support, two weeks induction). The analysis of the use of college resources identified a possible use at a broader range of time and weekend, holiday and evening courses were initiated.

The new management structure propelled some 'backroom' positions to the forefront of college activity. It consisted of three areas — client services, curriculum and resources, all under the jurisdiction of an assistant principal. In each area units were identified:

Client Service : Enterprise and Marketing, Student Support

Curriculum: Business, Leisure & Catering, Caring, Creative Studies, Extending Education, Technology

Resource : Administration, Finance, Learning Support

Within each unit, team managers were appointed to lead course teams and manage the delivery of the curriculum. Unit managers were appointed as main grade lecturers with responsibility for staffing, timetabling, resource management and the line management of team leaders, who in turn could be allocated budgets and be involved in the decision-making of the unit.

In each unit the lecturers were responsible for delivering the curriculum and were relieved of responsibility for the organisation and monitoring of work experience, for managing resources necessary for their course and for tutoring students. It was also recognised that specialised support, both academic and pastoral, needed to be available to students to ensure their progression through courses. The new team approach was introduced so that those delivering the curriculum were supported by those in Learning Support, the learning resources centre, those with responsibility for work placement and tutorial staff working alongside them to support students. It is proposed to recruit further staff into teams to produce course resources and materials so that lecturers have the materials they need without having to produce them themselves. This will increase the college's capacity to support resource-based learning.

The demarcation of roles and responsibilities required the clarification of policies and procedures. Previously there had been no human resource policy and so a staff handbook was produced outlining personnel procedures and practice. It was recognised that students had to have available to them information about the workings of the college and new materials were produced to allow them to do so.

Changes in culture also extended towards the students in a more practical way. A student officer was appointed to produce a social activities programme and develop common room areas and Student Union activity. A student council was introduced with representatives from the student body to encourage students to take responsibility for their own learning.

## **Implementing the changes: a look at strategies**

Two important factors shaped the extent of change and the approach taken to it: the fact that time was short if the college was to survive and the arrival of new personnel in senior positions. At Delta and Kappa, new principals exercised their formidable power to the full, while at Sigma a new vice-principal was able to shape the direction of developments but not bring them in with the force that was noticeable elsewhere. Nevertheless, the two principals also showed totally different strategies for achieving their visions .

### ***Delta College***

The approach taken was clearly a combination of the power-coercive and the empirical-rational. Appointed in January 1994, the principal immediately arranged for analysis of the financial position and moved rapidly to eliminate the deficit. Action was necessary to prevent neighbouring colleges absorbing Delta's students. Delta needed to improve graduation rates, attract external funding, generate more students, and become more efficient. This was impossible within the existing management structure and he devised and imposed a new

structure. All but one of the senior management took early retirement, and the new management team then devised the action plan,

The plan was announced to the staff in April, and they were given no choice. The college had a tradition of consultation but some welcomed the new direct approach, feeling that consultation had often been a substitute for action. All the staff were interviewed for new positions and those who resisted change were invited to leave. The changed work responsibilities were imposed concurrently with the local renegotiation of conditions of service, and included a combination of a higher student: staff ratio, more flexible working conditions and lower teaching hours. The new structure was designed to ensure that all college activity focused on providing quality learning for students within the programmes they devised for themselves.

Although there was little choice for staff, support was available. Counselling was provided and many felt they could identify new opportunities within the revised structure. Substantial resources were invested in staff development to deal with the new skills needed for the revised posts as they were taken up — unit managers, for example, have been supported in achieving Management Charter Initiative MCI level 5. The main point of resistance was over lecturers losing control of work placement, which many saw as a key means of keeping aware of employees' opinions of the college and its courses.

Senior management demonstrated that they were working collaboratively through corporate decision-making and regular meetings, but that this did not mean an absence of disagreement and debate: indeed the principal spoke of deliberately creating a culture of 'creative conflict' to promote discussion, which would permeate through the college. There was also felt to be a creative tension between those generating ideas and colleagues who were making them operational.

## ***Kappa College***

The change strategy at Kappa was essentially normative-re-educative, though once again it was helped by the opportunity to appoint new staff at senior management level. The principal replaced many of the governors with nominees who were more supportive of the vision she articulated. The reorganisation was also made much easier by the resignation of ten of the 12 heads of department. Perhaps because the time scale was less pressing than at Delta — these changes actually began before incorporation when the principal took up post in September 1991 — there was less need to impose changes and more opportunity to bring the staff along.

The principal took pains to develop and articulate a vision of the college, to propose it at every opportunity, and to support staff working within it. Consulting widely before presenting a 'hypothesis' for the future, she proposed to open up the college both internally and externally and place the needs of the students at its centre. This was propounded at a whole-day conference in January 1992, at which working groups addressed a range of common questions which informed the development of a college strategic plan. The plan was then placed before governors and staff for endorsement. It articulated a vision of the college and the values that should inform all activity, and laid out a range of actions and a timescale for each. Thus rational planning, resting on a bedrock of consensus, informed the subsequent development .

Once this document had received approval, specific policies and activities were prepared and put into operation. A student charter was produced focusing on the needs of students and emphasised that these were central to all college activity. A year later, when staff complained of feeling neglected amid the emphasis on student needs, a charter was produced outlining how the college could develop a positive working environment for staff. A college-wide development review scheme was put into place to support performance review and inform staff development activities in the light of the strategic plan. The new schools and faculties undertook substantial curriculum development and

review, guided by papers produced by the principal. These placed a greater emphasis on tutorials, project work assignments and resource-based learning. These activities were co-ordinated by the college senior management, which published in March 1994 a document, *Progression Maps*, which outlined the routes students could take through the college's provision.

Within all this developmental work, the principal maintained an active presence. Information papers and discussion documents kept the staff informed of achievements. At the same time, she kept her vision of the college, summed up in the dahlia image and in the new college logo, constantly in people's attention. By this open communication she worked to create a coherent corporate culture, a shared set of goals and an agreed concept of practice. In contrast to the principal of Delta College, the approach at Kappa was one of empowerment and involvement, allowing for a more evolutionary approach to change and more 'learning by doing'. The principal put personal values and vision constantly in front of colleagues and was prepared to discuss and defend them.

### ***Sigma College***

In Sigma the strategy used was rational-empirical. At incorporation many staff took early retirement and the principal had to fill the gaps while keeping costs down and recognising the need to increase administrative staff. He devised a new structure which flattened the college's management hierarchy and redesignated some academic posts to administrative. The structure was presented to staff as the solution to the problems facing the college. For many it was the same job with a different title and, although there may have been an increased workload, it did not fundamentally change their work. Consequently most viewed it as a reshuffle.

The appointment of a vice principal who was an FEFC inspector brought in expertise in curriculum development and he and the senior

management team led the quality initiatives outlined above. Staff were invited to join working parties and therefore only those committed to initiating change were involved. They define standards but there are no incentives or sanctions to support enforcement. Individuals with initiatives can get them ratified through the curriculum planning group but there is no overall strategy, and while there is departmental fragmentation across the college it is difficult to achieve consistency of practice.

The college has a strategic plan but it is not seen as a working document throughout the college. The quality initiative was a value-based attempt to persuade staff to review and if necessary change their practice, intended to create the quality assurance (QA) system demanded by the FEFC. However, these rather mechanistic initiatives have not been able to influence the overall culture, and have had little impact on the student experience. Students know of the initiatives through their representation on every committee, but their only direct input is on individual course reviews. Although changes have been made there is not a clear statement of goals and the principal has not articulated any vision or statement of values. He meets with the staff twice a year to appraise them of the direction in which the college is going but most staff feel that it is only senior managers who are involved. The QA system of reporting to the head of quality ensures recognition of achievement and this goes some way to meeting the criterion for implementation of having small starts but there are few incentives for initiative-taking as decisions are usually informed by the financial situation of the college.

### ***Initiating and implementing change: looking across the three colleges.***

We have already pointed out that the three colleges presented examples of each broad strategy in the Bennis *et al.* (1985) typology of change. A number of other points can be made about the changes observed.

First, Delta and Kappa achieved very substantial changes in the pattern of student provision which was linked to major organisational change. At Sigma, the changes that were made were less substantial, and the staff felt that the restructuring which followed incorporation was a 'reshuffle'. The major factor in this, we believe, was the fact that at Sigma the principal remained in post, whereas the other two colleges responded to the appointment of a new principal. It seemed clear that the power resources (Hales 1993, 1997) available to the principals made them able to generate and sustain extensive change, although the strategies they adopted were quite different. This supports strongly Fullan's (1992) argument that the role of the principal is central to implementing change successfully.

Related strongly to this is the importance of vision, another of Fullan's arguments. New principals brought in new ideas and values, a fresh philosophy, a new concept of the college. The principal at Sigma was aware of the need to be flexible in the face of competition — the college had been active in franchising out programmes prior to incorporation, and promoted NVQs and flexible learning schemes — but had perhaps been bounded by his pre-existing vision of the college. At Delta and Kappa, there was a transformation which was vision-driven. It may be that it was made easier for the incoming principals by the fact that both colleges were quite run down and leaderless prior to their appointment.

It was also clear that although the principals at Delta and Kappa articulated clear visions of the future, they did not try to achieve it all by themselves. Both drew their senior management teams into the work, and relied heavily upon others to realise the vision. The two strategies were quite different, with Delta offering no alternative except to leave, whereas at Kappa much was done to persuade them of the changes, but in both cases there was little alternative in the long term: the pressure to conform was intense, whatever form it took. The vice-principal of Delta spoke of the staff operating a form of 'supervised autonomy': it applied equally to Kappa, though the moves to obtain consensus behind the vision and direction made it less overt.

What was less obvious was the extent to which the flexibility expected by Fullan (evolutionary planning), Kanter (learning by doing within the overall plan) and Peters (applications-oriented small starts) was allowed for. Within Sigma, there was little evidence of a serious adherence to an overall plan: fragmentation continued. Here, small starts and private initiatives flourished. At Delta it was the reverse: a strong central hand, little room for diversity and individual initiative, and rapid movement to implement centrally-imposed innovations. Kappa represented a compromise in that the vision was clear, but the principal's desire to bring her colleagues with her rather than impose it led her to recognise individuality and accept some variation provided it was in line with the values enshrined in the central policy documents approved by governors and staff.

The question of how far individuals were constrained by central decisions raises the issue of whether the colleges' organisational cultures encouraged or discouraged conformity or opposition to the dictates of senior management. At Sigma, it appears that the prevailing organisational culture was little challenged by the restructuring or the moves towards more flexible, resource-based learning. The 'reshuffle' was seen as insignificant and staff continued to by-pass line managers as and when it was convenient to do so. The cultural issue was therefore more important at Delta and Kappa, and it is difficult to identify if the prevailing cultures shaped the principals' strategies or simply contributed to their success.

At Delta there was a prevailing culture of trust and co-operation in an atmosphere in which consultation was a tradition, sometimes seen as a substitute for action. This trust and co-operation in a small college environment meant that even when there was difficulty over the issue of new contracts and conditions of service there was still substantial willingness among teaching staff to co-operate with senior management in planning and putting new programmes of learning into operation. It would be wrong to call it a culture of passive conformity, but it was certainly true that among many staff there was a loyalty to the college



and its survival, and this led to an acceptance of the rapid and very substantial change which was put through.

Kappa was a large organisation which had been in decline for some years before the current principal was appointed. It had suffered a lack of leadership and central support so that the 12 departments were effectively independent baronies. In Meyerson and Martin's (1987) terms, this was a culture of differentiation, of subcultures and internal micropolitics. Some staff would therefore welcome the creation of strong leadership, but it was likely to be necessary to work hard to transform the differentiated subcultures into an integrative culture, even given the retirement of most of the departmental heads. The change strategy employed at Delta might well have been counter-productive at Kappa. Given the caution with which the principal explored attitudes within the college staff and student bodies as well as among governors and in the community, it is likely that she realised that it would be important to bring her staff with her rather than driving them before her. Thus moves to make the building secure for staff and students alike were a wise move politically in terms of gaining support, quite apart from their being necessary for the well-being of the people working there.

## **Conclusion: incorporation and curriculum change**

This chapter has been considering the implications of incorporation for the learning experience of the students. It found that, as Fullan's (1992) analysis suggests, the drive of central government policy and the FEFC funding mechanisms led the colleges studied in the same direction, towards more flexible curriculum structure and provision, resource-based learning, student support centres and stronger tutorial roles to provide assistance with learning and study skills for students who were often returning to study after many years or continuing their studies after limited success at school. This led to substantial changes in the college organisation.

However, we should not claim that incorporation was the trigger for these related curricular and organisational changes. At Sigma, the development of franchising arrangements, modularisation and resource-based learning had been occurring for some years prior to incorporation. At Kappa, the changes discussed here had been initiated fully 18 months before incorporation with the appointment of the new principal. Only at Delta, where the principal was appointed after incorporation, was it possible to attribute the changes to incorporation itself. The trigger here was the discovery that the college had to cut costs and increase income to survive: the result, far more overtly than at either Kappa or Sigma, was to re-establish the college on a business footing. But in practice, many FE colleges were much more ready to accept that position than organisations in other sectors of education: incorporation accentuated the development but did not have to fight for its values to be accepted in the ways that it did in schools or universities. In terms of the curriculum changes we have indicated here, incorporation only gave an additional push in the direction started by earlier government reforms.

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# Chapter 6

## Introducing new contracts: managing change in the context of an enterprise culture

**Pam Hewitt and Megan Crawford**

In the early part of 1995 the writers undertook research concerned with some of the ways in which managers of FE colleges were carrying out the difficult task of persuading main grade lecturing staff to change from old contracts and accept new working conditions. This chapter focuses on some of the issues which arose for managers in implementing these changes and identifies some of the strategies which were employed at the time. It also attempts to evaluate the effectiveness of these strategies in terms of the overall effects on the relationship between college management and lecturing staff.

The key questions we hoped to answer were:

- What strategies were used by senior management to implement a difficult change?
- How effective were the strategies used?
- What are the implications for managing people?

## Methodology

It needs to be stated at this point that the sensitive nature of the issues made it difficult to gain access to colleges to investigate the differing perspectives and approaches fully. Of the 15 colleges invited to participate, only two responded positively. It was therefore very much left to the writers to draw upon their own wider network of personal contacts and acquaintances within the FE sector. A further three colleges finally agreed to co-operate in the research, but the managers of these colleges were personal acquaintances and their opinions were given anonymously and as 'personal favours'. It was agreed at the outset that the organisations would not be identified and the opinions offered were personal, so did not necessarily reflect a more formal organisational viewpoint. While this approach to research is not without its problems, it does provide useful insights into the different perspectives and attitudes of those dealing with the situation. It also demonstrates, quite markedly, the fears and concerns of even senior managers in this sector, who were accountable to college governors and concerned about the possible repercussions of discussing these issues within the public domain.

However, although there may on at least three occasions be some discrepancy between the public and private viewpoints of the senior managers who agreed to be interviewed, the views in the text are those of five senior managers from FE colleges which all claimed to be fairly democratic in their management style. Managers of colleges which were more authoritarian were not included in the research and the findings cannot therefore be described as universal. In addition to these senior managers, six middle managers and ten main grade lecturers were also interviewed. Three of the middle managers and four of the lecturers were employed in colleges which were not 'officially' included in the original survey but their opinions helped to explore the issues in their wider context and so they have been included in the analysis.

All the interviews were semi-structured and approximately one hour long. The same interview schedule was used for both senior and middle

managers with extra statistical information requested from senior managers identifying the numbers of staff on new contracts and the extent to which these were new appointments rather than staff who had changed from old to new contracts. The areas discussed centred around strategies for implementing change, the effectiveness of these strategies, issues arising for managers, relationships with staff and general recommendations for managing change. The interview schedules for lecturers focused on similar issues with some additional emphasis onto the formal and informal mechanisms of introducing the changes. All staff were also provided with the opportunity to make general comments at the end of their interview. A written record was kept both during the interview and afterwards.

## **The context**

It is of paramount importance to be aware of the climate in which these changes have taken place. The impact of the economic recession within the UK, combined with increased competition from abroad, had led to general tightening of the purse strings in all sectors of employment. The Conservative government was heavily influenced by the policies of the New Right, which are embedded in the liberal traditions of thought emphasising 'the economic and political benefits of free competitive markets' (Brown, 1995). This led the government to embark on a number of measures to make the country more competitive and reduce cost. Several public corporations were taken out of public ownership and privatised and there was a general weakening of the powers of trades unions.

Within the education sector all aspects of education had been under close scrutiny with the contribution of education to the national economy being given greater prominence than before (Esland, 1990). At the same time a process of restructuring education had begun and, with the move towards 'managerialism' (Fergusson, 1990), control over educational policy had increasingly been vested in central government

and the 'consumers' of education services, parents and employers rather than teachers and lecturers.

The FE sector was affected by the changes and through incorporation in April 1993 managers were given direct control of their own budgets. This new status assigned to colleges brought with it the need for major reforms in working conditions as managers became increasingly aware that the survival of their institution depended on reaching specific targets of increased student numbers, quality control systems and greater flexibility in the use of teaching resources. Colleges could no longer depend on subsidies or grants to keep non-profit making courses running as FEFC funding was tied in with the college's need to make efficiency gains and reach certain specified growth targets. At the same time, the government proposed that new contracts should be imposed on all main grade lecturing staff and colleges were issued with a deadline of 1996 as the final date by which the transition to new contracts should be complete. Furthermore, the decision was taken by the Higher and Further Education Minister, Tim Boswell, to hold back £50 million from the FEFC in 1995/6 as a means of encouraging colleges to meet their targets (**Education and Training Parliamentary Monitor**, January 1995). A National Audit Office report published soon afterwards stated that 'funding councils do not have the power to intervene directly in the affairs of colleges but they pursue an active approach to the monitoring of college activities, financial performance and the support and guidance offered to staff' (National Audit Office, March 1995). These two positions were somewhat contradictory but it is clear that the Government was exerting considerable pressure on colleges to institute major changes in working conditions and educational provision.

At this point we need to provide a brief description of the regulations governing lecturers' pay and working conditions as this was a key focus for many of the discussions and negotiations which were to take place. They were still under negotiation when this chapter was written. Until 1994, and from that time onwards in many colleges, the conditions of service for lecturers were codified in the Silver Book and embodied

within the Conditions of Service agreement. Broadly speaking the Silver Book prescribed the 38-week year which, when it was first written, paralleled the then 190-day year. It also laid down the maximum number of teaching hours the lecturer could realistically be expected to teach and provided guidelines on non-teaching hours. Salaries and other conditions relating to management were likewise embodied in the text which was generally accepted by government bodies, unions, college governors, managers and lecturers.

General acceptance of Silver Book conditions lasted until incorporation since when colleges have been trying to maintain growth while cutting costs. Greater economies of scale have been essential and colleges have been forced to consider areas where it would be possible to make cuts, albeit sometimes unpopular cuts. A number of colleges opted to reduce the number of taught hours per course to release more lecturing hours for new courses and programmes, but the gains achieved by this 'pruning' were still insufficient for major savings. A more effective and long-term means of attaining this goal was to place the main grade lecturers on new conditions of service whereby they worked more hours per week over an extended academic year.

The drive towards implementation of new contracts by senior managers would have been more difficult before incorporation but the new found independence of the colleges placed the responsibility firmly in their hands. In order to change staff working conditions it was therefore necessary, in the first instance, for managers to try to secure the consent and co-operation of both lecturers and unions, the main union in this case being the National Association of Teachers in Further and Higher Education (NATFHE). Throughout the country complex talks and negotiations took place at a national level between the Colleges Employers Forum (CEF) and college governors, managers and unions; similar talks were also held at local level. Most colleges adopted a policy of offering new, flexible contracts to new appointments and promotions while others adopted a more rigorous approach, insisting that existing staff should change to new contracts as well. Yet other colleges



attempted to devise alternative means of saving revenue while at the same time trying to remain within the general framework as the battle for national agreements was fought.

When this study was undertaken, two years' face-to-face negotiation had failed to produce a nationally agreed settlement but some mutually satisfactory local agreements had been reached. Twenty-seven colleges had reached agreement with their employers by May 1995 and negotiations with 15 more were under way. Both the CEF and NATFHE had agreed to enter ACAS conciliation talks (*The Lecturer*, May 1995). A number of early retirement packages and redundancy, both voluntary and compulsory, had also been put into effect or were being considered. The general mood reflected a recognition of the need for change and the structure of NATFHE itself came in for criticism (*The Times HE*, June 1995). Hence there were renewed hopes that a solution could finally be found to the two-year contract dispute.

This chapter focuses on the broad patterns which emerged and considers the processes involved in attempting to implement these changes. It is here that the lessons can be learnt and that other organisations can benefit from the experiences of managers and employees. What is of particular interest throughout the findings is the different perceptions of events and strategies at various levels within an organisation. 'Realities' at one level were sometimes remarkably dissimilar from those at another.

## Senior managers

The senior managers seemed sincere in their desire to manage the transition in as smooth and open a manner as possible. They appeared to be genuinely concerned for the welfare of their staff and were trying hard to be positive about the changes. It nevertheless became apparent from the responses that the new contracts were posing major dilemmas. The financial climate and increased competition for students had brought considerable pressure for FE colleges and senior managers were

very concerned with financial survival of their colleges. They were aware that they could make greater efficiency gains by implementing new contracts, but at the same time were sensitive to the strong resistance in many areas. Despite these pressures they all professed a collegial or democratic style of management (Becher and Kogan, 1980; Noble and Pym, 1970) but this was often at odds with the perceptions of those lower down the hierarchy.

Differences in perception of the management of this change were demonstrated particularly well in the description of the strategies adopted by senior managers to encourage staff to transfer to new contracts. All the respondents considered that it was important to create an environment of trust and shared commitment in which staff were fully involved in decisions likely to affect them. Following this through, representatives of main grade lecturers had been invited to sit on all committees so that staff at this level should feel they had a 'voice'. The managers also felt that it was important for staff to be aware of the positive aspects of the changes and had therefore emphasised potential benefits such as increased promotion prospects, recognition of the actual work undertaken, etc. They purported to maintain a close working relationship with the unions and feel that close co-operation was essential to success though one manager added that there must also be a willingness on behalf of the unions to negotiate with employers. Where this did not occur, blame was attributed to middle managers and union officials for not passing on information correctly, or to union officials for showing a reluctance to negotiate. Lecturers were also sometimes viewed as selective about what information they chose to read.

The strategies identified varied considerably and corresponded closely to the strategies for change outlined by Chin and Benne (1974): empirical-rational, normative-re-educative and power-coercive. Senior managers claimed to have an open style of management and used the methods advocated by proponents of this approach (Beckhard and Harris, 1987; Mullins, 1993). There is plenty of evidence of organisations which have successfully implemented changes using such guidelines

(Peters and Waterman, 1982; Goldsmith and Clutterbuck, 1984). The methods which managers stated they used appeared to be very closely allied to these principles and to the empirical-rational and normative-re-educative strategies. There was certainly evidence of attempts made to keep staff informed of the developments — minutes on notice boards, regular meetings with middle managers, open access to minutes of meetings with college governors, etc. Representatives of main grade lecturers also sat on most boards and committees (although it was possibly questionable how far they were representative and there was some uncertainty as to the feedback mechanisms used by these staff). One middle manager stated that he considered that there was ‘too much sitting around and discussing’. He also went on to put forward the view that staff should just be told they had to accept the new contracts ‘and then they’d just have to get on with it’. Two senior managers also wrote to the main grade lecturers each time there was a change in events and there were regular bulletins in college news sheets. The bulletins were mainly descriptive and put forward a fairly positive message; they tended to stress the inevitability of the change and informed staff that they were trying to get the best ‘deal’ for them.

Financial inducements were also mentioned by two managers. In the case outlined, lecturers had been offered one-off payments to go on to new contracts (£500 was the figure quoted in one college), the only alternative being to receive a zero sum or very small annual pay rise. This was also supported in one college by a statement that they would be unable to afford future pay rises to staff who stayed on the old contracts. Clearly there were some elements of the power-coercive approach here!

It needs to be recognised that senior managers by virtue of their roles and responsibilities, were to some extent distanced from the operational running of their own colleges. Responsibility for much of the day-to-day management was devolved to middle management. Senior managers were therefore dependent in many ways on their middle managers for the successful implementation of the change. In fact, one interesting

finding was the extent to which individual departments or sections of colleges appeared to run as disparate groups. Despite the overall philosophies of colleges, often embodied in mission statements, college plans, etc. individual departments were run in very different ways with the leadership style of the middle manager exerting considerable difference in each department. This was also reflected to some extent in the numbers of lecturers who elected to move to new contracts. In one college, all the members of one department had, compared to none in another department. This cannot totally be accounted for in terms of the manager; other factors need to be taken into account. It does however demonstrate that the views of senior managers can be responded to in different ways at different levels of the organisation.

## **Middle management**

Middle managers appeared to operate a number of different leadership styles while at the same time advocating open styles of management. It was clear that these managers were also faced with considerable dilemmas. Staff at this level were very aware of the financial pressures facing their colleges and knew that unless considerable savings could be made, there were strong possibilities of re-structuring or 'downloading'. Redundancies were most likely to be made at the level of middle managers and in fact this process had already begun in two of the colleges where interviews had taken place. It was also widely publicised, and therefore well-known, that redundancies were taking place at colleges throughout the country. Hence financial pressures and fears of redundancy appeared to be uppermost in the minds of these managers although not all were willing to discuss it. As one manager put it, 'we speculate about which departments can be combined and where the cuts will be made. Whose turn is it next?' Despite the policies of openness promulgated by the college, redundancy seemed to be an area in which there had been very little discussion with senior management. One college had attempted to involve their staff in decisions as to where the

redundancies might be made but had been rebuffed with angry responses from staff who felt they were being asked to judge their peers.

Middle managers also claimed, on the whole, to use democratic management styles but admitted that they felt under pressure actively to encourage staff to transfer to the new contracts. They felt they had been kept regularly informed of developments and kept their lecturing staff informed. On the other hand, these managers stressed that they were constantly reminded by senior managers of the serious financial position, and possible redundancies, at their level. It might well be that the pressures they felt were constructed from their knowledge of the national position as well, but this approach must be seen as having elements of coercion. Two middle managers felt that their relationship with the senior management had changed; 'manager meetings are not the same as they used to be; it's all serious business now', was one description.

In this climate, where fear of redundancy was paramount, middle managers were anxious to 'please' or keep in favour with senior managers; they felt less able to question openly or disagree with policies or suggestions than previously. Devolved budgets had also made managers responsible for their section finances and they were particularly anxious to be seen to be running their departments within the budgetary constraints and felt that judgements about their competence as a manager would be made on the basis of such evidence. Senior managers would no doubt emphasise that this was only one of a number of equally valid criteria but it is important that one recognises the 'reality' for the individuals concerned, and this was clearly of extreme significance for middle managers. Another important factor for some middle managers was the position relating to new contracts. Two managers felt very little sympathy for the issues resulting from the new contracts (after all they themselves were working the longer weeks, with shorter holidays) but others were extremely sympathetic towards their staff. This was particularly clear where they managed departments which were predominantly staffed by women who needed the longer

holidays to supervise their children. The dilemma for these managers was that while they were expected to be loyal and supportive to their senior managers, and positively encourage the transfer to new contracts, their real sympathies and concerns were with their staff.

To summarise, the issues relating to new contracts posed real dilemmas for middle managers; on the one hand there was the need to present themselves as 'good managers' who toed the party line and appeared loyal and supportive to the wishes of senior management; on the other hand there was the interface with their staff and a strong reluctance on the part of some managers to 'burden' staff further with additional responsibilities and working hours.

## Lecturers

When looking at the lecturers' perceptions of the change, some interesting insights into the process emerge. Space does not permit a lengthy discussion of the changing nature of the main grade lecturers' role and responsibilities, but at the risk of being over-simplistic, most lecturers felt that their position had changed dramatically over the past few years with a significant increase in paperwork, meetings, promotional events, etc. At the same time there had been no reduction in teaching hours or 'class contact' time as it is generally known. In fact, for many lecturers, face-to-face teaching time had increased with a diminution of remission for various responsibilities which they were nevertheless expected to continue. Combined with this was an increased emphasis on quality as colleges became more accountable and fought to maintain and increase their place in the market. Thus at the time of interviews lecturers in all colleges were feeling under considerable pressure. This in itself was a significant factor in their resistance to the proposed changes; lecturers were fearful that once they signed a new contract their situation could only worsen. The lecturers interviewed were drawn from colleges which claimed to have democratic management styles, and this sample therefore is not altogether representative of lecturers in general. There have been documented

instances where managers adopted authoritarian approaches to the new contracts, threatening lecturers with the loss of their jobs for refusal to comply. These instances have led to a considerable disruption of working relationships, with lecturers going on strike, refusing to accept the new contracts.

Although the lecturers in the study were treated in a far more humanitarian manner than that described above, their experiences often varied considerably from those described by their managers. The reality they experienced if still on old contracts was that managers were not always sufficiently sympathetic; and many lecturers considered that they were not receiving all available information. Perhaps some paranoia was evident with opinions such as 'a grand plan had been designed that would eventually be revealed'. While some considered that their managers were being 'fair' (which seemed to be defined in terms of how much pressure was being placed on individuals to go on to a new contract), others considered that managers were being quite dictatorial in their approach; bureaucratic models of management were seen to be in operation. Two lecturers commented on their powerlessness to resist additional workloads because of fear of possible repercussions. Attempts to persuade individuals that there were some benefits in the changes (Chin and Benne's normative-re-educative) were described by one individual as 'an insult to my intelligence'; and three lecturers made the significant comment that the failure of management to acknowledge the losses involved (less holidays and longer working hours) had led to alienation and a lack of trust and respect for management.

Despite claims of open styles of management, staff felt that they were being persuaded or manipulated to go into the new contracts in subtle ways. The interviewees found it difficult to be specific about this and came out with comments such as 'you're well in with the boss if you go on the new contract', 'you're made to feel guilty for not agreeing to it', 'you know your chances of promotion are nil'. There was no specific detail supporting these statements but everyone who was still on old

contracts expressed those feelings. This could have been partly self-created but it did seem as if the desire to persuade staff to go into the new contracts was being communicated in very subtle ways or at the least was perceived as such.

One of the most significant areas to emerge in interviewing the lecturers was that they were far less concerned with the college's survival than with their own. This was expressed particularly in terms of their own salaries and working conditions. The new enterprise culture in which the changes were taking place, did not feature significantly and they framed responses in terms of the quality of classroom teaching. There appeared to be very little awareness or concern for the substantial financial pressures that were motivating the senior management. Looking more towards factors within the institution, staff did feel that they were influenced to some extent by the strategies adopted by their managers but that other influences had played a significant part. Other significant influences and fears (probably unfounded in many instances) were again those of redundancy. Despite reassurances from senior and middle managers that redundancy was unlikely, this nevertheless appeared a very real fear. Again this posed a dilemma for staff who on the one hand felt that they wanted to 'keep in' with their managers but on the other were fearful of the consequences (in terms of increased workload) of signing new contracts. Some lecturers had reluctantly agreed to take on extra responsibilities without signing new contracts) because they had felt pressurised by managers.

Individual circumstances also played a part with age and career aspirations being particularly significant. Younger and career-minded people were more likely to change to new contracts of their own volition (although admittedly this had been one of the 'selling points' put forward in some instances by senior management). Another important feature was also the length of time within the teaching profession; lecturers who had only recently entered teaching and had come in on new contracts seemed to have accepted their situation and expressed far less dissatisfaction with the current situation. It seemed that there was a



large difference between actively seeking a new post, knowing that it encompassed certain terms and conditions, to being asked or persuaded to change these while in the same position.

## Conclusions

Having explored some of the strategies and the perceptions of some of the individuals concerned, what specific lessons are there for managers? What are some of the difficulties faced by all parties in a situation where (largely) unpopular changes need to be made?

We can identify the multi-dimensional nature of the change process and establish that the participants had very different perceptions and attitudes, and attributed very different meanings to events. While each individual was clearly influenced by their own personal circumstances and had his or her own particular attitudes and viewpoints, there was nevertheless a certain commonality of views at different levels within an organisation. Each level brings with it certain tensions and conflicts, both internally and externally imposed, which are specific to that strata.

In managing the change process within the organisation, one of the key differences which emerged was the styles of management. All managers claimed to be democratic in their management style but staff often would not have agreed. This difference of perceptions which appeared throughout the research, ties in well with systems and social constructionism theory which can help us understand the different 'realities' of those who were interviewed. Morgan (1986) advocates a systematic stance in understanding organisations, emphasising the importance of recognising that a change in one part of a system inevitably affects other parts of the same system and the consequent need, therefore, for all parties to negotiations to adopt broader perspectives which encompass the positions of the respective players in the negotiation process. Cronen and Pearce (1985) also supported a systemic perspective in understanding communication. They adopted a social constructionist position according to which individuals construct

meaning and 'realities' according to their previous experiences and communications within social and organisational contexts. This in turn influences the views and attitudes of individuals and leads to different perceptions and understanding of the same event. In the context of FE, beliefs, expectations and experiences were heavily influenced by the Silver Book working conditions which had formed an important part of FE culture. Cronen and Pearce also suggest that in the process of this construction of reality many myths are likely to develop; for example, the myth that the Silver Book conditions provides the 'best' employment safeguards for staff and it therefore becomes the 'bible' in the FE teaching culture. The culture of the organisation (educational establishment, trade union, etc.) will also influence the negotiating position of those involved; likewise, the personal constructions of individuals (which they come to believe about themselves) will determine their communications and negotiation style (see Table 1).

**Table 6.1 Driving and restraining forces for the change to new contracts (based on Lewin's equilibrium of force field analysis)**

Driving forces (forces for change)	Restraining forces (forces against change)
Changing markets	<i>From individuals</i>
Economic recession	Fear of increased workload
Increased competition	Loss of holidays
Government directives	Longer working week
Financial cutbacks	Increased uncertainty
Economic efficiency	<i>From organisation</i>
Protection of jobs	Strength of culture
Financial incentives	Contractual arrangement

Pearce (1989) develops these ideas further in exploring the importance of language in the communications between people. He stresses the need for understanding that the language used by one person to convey their ideas may hold different meanings for those receiving the communication and in this way wrong assumptions and understandings are developed. In this research the word 'participation', for example, seems to have held different meanings for managers and lecturers; many managers considered that they had created a participative partnership with staff by regular communications and invitations for feedback from staff, whereas lecturers often considered this to be merely tokenistic with the real power and decision-making retained by senior management.

In addition to recognising the pressures and tensions associated with the internal organisation of the colleges, of which fear of redundancy was a prominent feature, there were also a number of important external factors. The initial impetus for change arose from political decisions outside the control of colleges of FE and, through Incorporation, new college governing bodies injected a greater contribution of business experience and management thinking. The new realities, forged in the context of an enterprise culture, were in many respects very different from the long-established teaching and public service culture of traditional colleges of FE.

Managing change in a 'clash of cultures' environment requires new ways of thinking. The rise of managerialism in business and industry seems in some instances to have infiltrated into the management thinking in some FE colleges, with a resulting loss of awareness and recognition of the natural anxieties and resistances to the change process. This then sows the seeds of mistrust and discontent which can then result in a polarisation of negotiating positions and the likelihood of settlement demands which are incompatible with the new economic realities. As Marris aptly wrote:

*'When those who have power to manipulate changes act as if they have only to explain, and when their explanations are not at once accepted, shrug off opposition as ignorance or prejudice, they express a profound contempt for the meaning of lives other than their own — they treat them as puppets dangling by the threads of their own conceptions.'*

*Marris, 1975, p. 166*

In order to be successful in managing the change process it is absolutely essential to take into account the 'subjective realities' (Fullan, 1991) for the individuals concerned and combine the aggregate knowledge of individual situations with an understanding of the organisational and institutional factors which interact to influence the change process. It seems to us that a new pragmatism from all parties is necessary if colleges of FE are to survive and develop in a culture of competitive markets and limited resources.

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# Chapter 7

## Institutional boundary management: experiences of Scottish colleges since incorporation

Ian Finlay, Sheena Holmes and Lesley Kydd

### Introduction

The Further and Higher Education (Scotland) Act 1992 provided Scottish further education (FE) colleges with a range of opportunities and threats in respect of their relationships with local secondary schools, with higher education (HE) institutions and with each other. Although the thrust of government policy towards the public sector, including education, has been to promote competition, the number and extent of partnerships between educational institutions appear to be increasing. It is this apparent paradox that drew us towards researching this area. This chapter reports on a research project which aimed to identify, examine and analyse the nature of relationships between FE colleges, schools and HE institutions.

One danger identified by a number of critics of government education policy, is that the environment created by the changes in structures could result in competition between institutions which could harm the services



provided. This danger was highlighted by Glatter (1990) who suggests that:

*'This has been one of the most contentious aspects of the legislation, involving both questions of values and judgments about the effects of the policy: either increasing choice and standards through a competitive market, or reducing choice and widening inequalities of provision through the operation of the market mechanism.'*

Michael Leech, a Scottish FE college principal (1994, 1995a and 1995b) explores what he sees as the paradox between competition and collaboration. His analysis of government policy suggests that the government is setting up quasi-markets in education, which leads to greater competition, and, at the same time, is promoting collaboration between institutions. Our research explores the nature of partnership in a context of an increasingly competitive environment.

## **Some theoretical perspectives**

Several of the social science disciplines have theoretical models which shed some light on the ways in which organisations interact. We did not adopt a single perspective, nor have we attempted a synthesis of existing models. Rather we tried to identify the key factors in relationships between FE colleges and the organisations with which they interact. Examination of existing models was used as a starting point in framing broad question areas for our fieldwork. Here an overview of current models is presented under three headings: economic, political and organisational theory.

### ***Economic models***

Much recent government action has been taken with the intention of creating markets in the public services. Markets, in economic theory, are the institutional means of communication between those demanding a product or service and those supplying that product or service. Certain

kinds of markets are supposed to offer the possibility of greater efficiency of resource use. In the free market, a kind of social Darwinism operates, with efficient organisations surviving and growing and inefficient organisations perishing. Strategies for survival and expansion may mean that sometimes organisations compete with each other and at other times they co-operate. An analysis of strategic options leads us outside pure economics towards organisational or political theories of behaviour.

Some economists, recognising the limitations of pure economic theory in explaining the behaviour of firms, have proposed behavioural theories of the firm. These theories focus on the motivations and objectives of managers within firms and recognise that they may be various and, sometimes, conflicting. This is an area worth exploring in FE colleges and associated organisations.

Traditional merger theory does, however, offer some illumination of the area we were researching in that it provides a useful classification system for different types of merger. Horizontal integration describes mergers between firms providing similar services or products. It can be used to generate economies of scale or to extend markets. Vertical integration describes mergers between firms at different levels in the production chain. It is used to secure either sources of supply of raw materials or to secure markets for finished goods or services. Conglomerate mergers occur when firms with a diverse range of products and services merge. These same categories can also be used to describe different types of linkages which fall short of mergers. This analysis will be discussed further in our review of the work of Alter and Hage (1993).

### ***Political theory – strategic alliances model***

A number of writers have analysed the formation of alliances as an appropriate strategy to meet a variety of objectives. Machiavelli (Crick, ed. 1970) provides three options for using alliances as a method of

expansion: to form a league of equals; to form an alliance and retain the headship; and to make others subjects rather than allies. Hax and Majluf (1991) suggest that alliances and partnerships are an appropriate strategy to reduce financial risk. Kotlèr (1992) recommends the formation of strategic alliances to gain entry to 'blocked markets'. These are markets with high costs of entry. He points out that the collective power of a coalition of allies is greater than the individual powers of members.

Johnson and Scholes (1993) suggest a number of reasons for strategic alliances such as 'the need to obtain materials, skills, know-how, finance or access to markets. . .'. Our knowledge of FE colleges, suggests that the above motivations for forming alliances, potentially provide insights into links involving colleges. For example, much of the rhetoric of links involving colleges is of 'leagues of equals' and gaining access to the HE market features in the mission statements and development plans of some colleges.

### ***Organisational theory***

Organisational theorists view organisations as entities with an existence independent of the individuals that make them up. Systems theory explores the relationship between an organisation and its environment.

Hoy and Miskel (1989) put forward a number of explanations for organisations collaborating rather than competing based on systems theory. Three of their concepts seem particularly germane to an examination of FE colleges in the 1990s. These are environmental uncertainty, resource dependency and personnel linkages.

Environmental uncertainty occurs when a 'turbulent field' exists. When the environment is characterised by complexity and rapid change, organisations may have to co-operate because they cannot survive alone. The environment facing colleges has become more complex and the rate of change has increased in recent years with incorporation, significant curricular change and changes in client groups.

Resource dependency theory suggests that when organisations are unable internally to generate all the resources and functions needed to maintain themselves, they may need to co-operate. Their degree of dependence on other organisations is proportional to the extent to which they desire access to resources controlled by the other organisations. Since incorporation, colleges have had to make arrangements for functions which were previously provided by local authorities such as personnel, financial and building services. In some cases colleges have sought to provide for these functions in association with other colleges.

Links between organisations can also be created through common members of the controlling boards. These personnel linkages become quite probable in relatively small geographical areas, when individuals are sought to serve on school, college and university boards of management.

### ***Organisational network theory***

More recently some writers within organisational theory have focused not on the single organisation as an open system but on the inter-relationships between organisations and the networks that link them. A major theoretical analysis of networks and partnerships, in both public and private sector organisations, is provided by Alter and Hage (1993). They analyse partnerships between organisations along three dimensions:

- symbiotic/competitive
- dyadic, triadic/multi-organisational, system wide
- degree of co-operation — limited, moderate or broad

Symbiotic partnerships are between institutions involved in complementary aspects of provision. They are similar to vertical integration in merger theory. Competitive partnerships are between institutions in direct competition or else are potentially in competition. They relate to horizontal integration.

Alter and Hage also distinguish between partnerships involving two or three institutions — dyadic or triadic — and those involving more partners — multi-organisational or system wide — for two reasons. First, partnerships involving two or three partners are relatively common and secondly, they suggest that the nature of a partnership changes once they contain more than three members. Figure 1 illustrates these two aspects of the Alter and Hage typology using examples from Scottish education.

**Figure 7.1: Examples of typology of partnerships (after Alter and Hage)**

	<b>Dyadic or triadic</b>	<b>Multi-organisational or system wide</b>
<b>Symbiotic</b>	college & HE institution or college & school	University of the Highlands and Islands
<b>Competitive</b>	2 or 3 colleges	community college or consortium

- The final classification that Alter and Hage use in their analysis differentiates between degrees of co-operation. They classify partnerships as limited, moderate or broad.

## Methodological issues

Our choice of methodology was made after consideration of both theoretical and practical issues. In our study, we leant towards an ethnographic approach: we wished to explore, to discover patterns and to identify relationships and key factors. We were interested in examining different kinds of partnerships, using the typology of Alter and Hage as a framework. A case study method seemed to offer the best chance of understanding the nature of partnerships in post-compulsory education.

On the practical side our choice of methodology was strongly influenced by the resources available. There are 45 FE colleges in Scotland, geographically spread from Shetland in the far north to Borders College in the south. The Jordanhill Campus of Strathclyde University — the site of the Scottish School of Further Education (SSFE) — is on the outskirts of Glasgow which is within 50 miles of 26 of the colleges. We did not, however, wish to concentrate solely on colleges within the central belt of Scotland and since there were, as always, limited funds available for travel, we decided to use research associates drawn from the staff of the institutions to be studied. Two of the researchers are involved in teaching FE lecturers in Scotland on an in-service professional teaching qualification, Teaching Qualification/Further Education (TQ/FE), which provided contact with members of staff in most colleges and, in particular, with two current cohorts of students.

From this, a plan was developed to use a guided opportunity sample of FE colleges and HE institutions. The sample was achieved by selecting suitable lecturers from two cohorts of TQ/FE students who, after a period of training, would collect the necessary data from their own institutions in their roles as research associates.

In order to achieve the necessary quality of data and case study reports, control over the work of the associates was required and was achieved in two ways.

An intensive period of training and briefing was arranged during the week when each group of potential associates was attending the SSFE on a block-release basis. Further control and assistance was provided through telephone consultation throughout the period of the project from the two researchers based at SSFE.

Since it was important that associates worked in partnership with the researchers and developed an integrated research team, everyone involved needed to be fully aware of the theoretical issues at the basis of the work. At the start of training (three half days), an initial framework of partnership characteristics, largely derived from Alter and Hage (see

Figure 2) was provided as the basis for a discussion. This led to the establishment of a set of shared perceptions and then a set of appropriate questions which allowed these characteristics to be explored and analysed. During the training week, standard forms were devised for collecting data and compiling interview schedules, along with a format for writing up the case studies.

The development of these resources, training in research methods and interview techniques and the use of these resources formed the basis of the training period. Armed with these materials the associates were thought to be prepared for their research duties. Since these were likely to vary, it was left to individual associates to decide how they would access the information but in most cases it was expected to involve examination of documentation, interviews with relevant members of staff and a written case study based on their findings.

It was hoped that through these measures one of the main disadvantages attributed to the case study method — the transferability of findings — would be overcome since so many cases were initially proposed (15 colleges represented over 30% of the relevant population). In practice, however, only nine case studies were completed because a number of potential associates had to withdraw either because of heavy work commitments or lack of support from their institutions. Eight of these case studies related to individual colleges and the ninth to a consortium of five colleges.

Each case study examines a particular set of links between the college and either schools or HE institutions. Despite its reduced size, the sample still reflects geographical location, size of college and types of existing links. It was hoped to provide an example of each cell from the Alter and Hage matrix but no symbiotic, multi-organisational partnership could be explored.

**Figure 7.2: Partnership characteristics**

<b>Characteristic</b>	<b>Description</b>
Size of partnership	Number of participating institutions
Genesis of the partnership	How & when did the partnership start?
Rationale for the partnership	Main objectives of the partnership
Complexity	Number of different types of organisation represented in the partnership
Communications	Number & levels of communication links between institutions in the partnership
Boundaries	Extent to which the partnership is open and inclusive or closed and exclusive
Resource dependency	Extent to which institutions depend on other institutions in the partnership for scarce resources
Administrative co-ordination	Extent to which administrators make decisions jointly
Task Integration	Extent to which staff of institutions work together across organisational boundaries
Development of the partnership	How has the partnership changed over its history vis-à-vis structure and organisational processes?
Differentiation	Extent to which there is a division of function among organisations in the partnership
Power Distribution	Extent to which power is held by one dominant institution or is distributed
Degree of conflict/harmony	Amount of harmony or strife between institutions in the partnership
Effectiveness	What are the major factors that make the partnership effective or ineffective?



The colleges ranged in size from 120 members of staff to 300. They are located throughout Scotland and cater for student numbers varying from 2,500 to almost 10,000. They range in provision from an emphasis on non-advanced FE to those that concentrate on advanced-level work which extends to professional and post-graduate courses.

It was not only the reduction of number of associates and therefore colleges which created difficulties. The researchers collected the data from the consortium colleges because of the loss of an associate. Some associates adopted an individualistic approach to the interview schedules and guidelines for writing up case studies, which unfortunately, led to great variation in the quality of the final case study reports and the ease with which the researchers were able to analyse the data.

The research diaries which the associates were encouraged to keep and to submit, showed that they greatly appreciated their training. The Associates were paid a small fee and were encouraged to submit their case studies along with their reflective research diaries for assessment in modular courses offered by the University. Thus both parties benefited from the research partnership.

## **Analysis and findings**

The case study data is analysed in three sections using groupings of the Alter and Hage characteristics in each.

### ***Rationale for the partnerships***

The following characteristics are included in this section:

- size of partnership
- genesis of the partnership
- rationale for the partnership
- complexity and development of the partnership

## *College-university links*

Four of the case studies involved the links between a college and a university. One college's development plan includes the following as a strategic objective: 'to further develop collaborative links with the secondary and higher education sectors to ensure effective support and progression of learners at all stages and levels of education and training'. Specific objectives for 1994-95 included:

- to increase the number of courses offered which articulate with degree or degree level courses in HE establishments
- to increase the number of formal agreements with HE establishments
- to review the number of formal agreements with HE establishments

During the previous academic session the college had formalised arrangements with two of the local HE institutions. The research examined a link enshrined in a memorandum of agreement between the college and a local university. This memorandum was drawn up at the height of the HE institution's campaign to attain university status which required that they increase student numbers. It included details of articulation arrangements between HND courses offered by the college and university degree courses, along with provisions for:

- franchising
- validation of courses
- Access courses
- research
- staff development
- shared resources
- joint European and international projects
- student referrals and access to facilities

and moved forward a relationship which had existed in some form since 1964. A very similar process can be identified in data from the second college/university partnership.

In the third case study, the initiative stemmed from the university's involvement with a regional development agency which recommended approaching a particular college with a view to collaboration. Association with the college arose from the university's mission to extend its influence in education and, more specifically, 'to make the University's programmes and services more widely available by develop(ing) academic links with other institutions and by co-operating with other external bodies' and 'to undertake research on academic innovation and the principles and practice of wider educational provision in higher education' (from the university's ordinances). While the initiative originated with the university it was welcomed by the college which had reached a plateau in terms of established provision of HN courses.

In the fourth case study, the university in question had links with five colleges and the link studied was a college which, after some 30 years of informal collaboration, signed the university's associate college memorandum in 1993.

The emphasis of these links is on the curriculum. For students this means improved access, articulation, flexibility and choice. For colleges, it enhances the attraction of their traditional courses and provides greater potential to attract students. For universities, it extends their spheres of influence and, in some cases, increases student numbers. In one case the link helped to provide an institution with the necessary increase in student numbers for university status. Two of the universities saw their links with colleges as giving them a role in economic and community development through the provision of higher education for non-traditional groups of students. The agreements appear to offer college staff enhanced opportunities for research, staff development, shared resources and access to university facilities but these outcomes have not always been fully realised.

## *College and local school links*

Three associates explored, in a more limited fashion, the links between their college and local schools. These links had been in operation for various lengths of time — in one college, links with three schools started when the college opened in 1968. The main aims of this partnership were to get pupils into college, particularly those with special needs, and provide them with suitable learning experiences.

A second link involved the college and, currently, 19 secondary schools and started with the implementation of an action plan in 1984. The links provided opportunities for pupils to try a variety of trades and enhance the school curriculum, making it more relevant to pupils' needs. In addition, school pupils might be encouraged to consider further education as an option after leaving school.

The third case study highlights how school and college links can address problems common to both sectors. The basis of the link is an S5/S6 curriculum comprising Highers plus a GSVQ (cohesive group of modules) jointly delivered by the school and the college. This ensures that successful pupils will have appropriate entry requirements for HN courses and will be better prepared for direct entry into employment or for entry to degree courses. The school benefits from a higher success rate for pupils and the college gains from an increased number of entrants to HN programmes. Again, the links between colleges and schools seem to be focused on curricular issues.

### *'Beyond a partnership but not a merger' — a consortium of colleges*

The final linkage studied is a consortium of five colleges in a major city. The group developed a list of strategic aims which included working with local, regional and national government and development organisations; sharing information; developing common quality management approaches; and working together in a range of administrative areas. It also concluded agreements with two major

universities to bring wider access to students from non-traditional university entry backgrounds.

At the time of incorporation it was felt that there might be too many colleges in one Scottish city and that mergers would be inevitable. There were mergers of colleges in two other Scottish cities before incorporation. It was hoped that formation of the consortium would preempt any moves to merge or close the participating colleges. One respondent used the phrase 'beyond a partnership but not a merger' when referring to the rationale for the consortium.

### *Symbiotic links*

The partnerships between colleges and schools, and colleges and HE institutions can be viewed as symbiotic links in the typology of Alter and Hage. Although these institutions may be competitors in some arenas, they are not direct competitors with respect to the students who benefit from the partnerships. The links are symbiotic because the institutions support one another by providing for students at successive stages of their education. This relates also to vertical integration in a production process where firms at different stages merge. These links can be viewed internally as securing sources of supply for the institution receiving the students and as securing destinations for students leaving the previous stage of the educational process. Partners within the symbiotic link are stronger together when facing competition from the external environment. They are able to compete more effectively. From the external viewpoint, however, these links could be viewed as anti-competitive since they tie up places and may exclude students from outside the partnership institutions. The attractiveness of symbiotic links is indicated by the fact that eight of the nine case studies were of that type. These eight were also all dyadic which supports Alter and Hage's hypothesis that dyadic and triadic partnerships are much more common than those involving more partners.

### *Competitive partnership*

The ninth case study was a multi-organisational, competitive partnership. Competitive partnerships in the typology of Alter and Hage are partnerships between actual or potential competitors operating in similar markets. The Community Colleges Group see many of the advantages of horizontal integration in that their initial reason for setting up the consortium was to tackle in advance the potential, external threat of being forced to merge. They take advantage of economies of scale through common purchasing and contracting arrangements in some of the new functional areas created since incorporation. They also have a common pricing policy for courses and do not engage in price competition. In this sense they act like a traditional cartel.

With both symbiotic and competitive partnerships, internal competition is reduced in a way that gives the partnership, as a whole, a competitive advantage in the external market. In terms of systems theory, the relationship of the partnership as a whole to the external environment needs to be analysed as well as relationships between individual organisations within the partnership and the partnership's internal environment.

### *Co-operation*

Most of the symbiotic partnerships in the study are limited in Alter and Hage's terms. They are based on creating preferred routes for students. The competitive partnership is also an example of limited co-operation. Alter and Hage also called this type of co-operation, *obligational* in that obligations are created — the receiving institution is obliged to take students if they meet the criteria set. One aspect of the symbiotic partnerships that came over strongly was that the official memoranda setting up partnerships between FE and HE institutions envisaged much broader co-operation than was actually delivered. Joint research and development, joint staff development (features of moderate co-operation) and joint course development and delivery (features of broad

co-operation) were envisaged in some cases but infrequently implemented. The reality had rarely caught up with the rhetoric. Although this could be because most of the partnerships were relatively new, even in the two cases where the partnerships were over 20 years old, only some features of moderate co-operation were in evidence.

### ***Partnerships and boundaries***

The following characteristics are included in this section:

- complexity
- boundaries
- communications
- administrative co-ordination
- task integration
- differentiation

#### *Complexity*

Alter and Hage define complexity as the number of different types of organisation represented in a partnership. In these terms, the partnerships examined are relatively simple since they involved only one or two types of institution. The most common structure of partnership for FE colleges appears to be dyadic, symbiotic partnership with either a school or an HE institution. The community college consortium at first sight appears as a multi-organisational, competitive partnership. It can also be viewed as a partnership within a wider systemic network since it has established links with the local authorities, universities, the local enterprise company (LEC) and a development agency. In their relationships with the other organisations in the systemic network, the college group aims to speak with one voice.

## *Boundaries*

The boundaries of the partnerships may be viewed in terms of internal boundaries within the partnership itself and expanding the boundaries to include new members in the partnership. In one of the links between a school and a college, the college was keen to extend the link with the school to include more subject departments and was also looking to include more schools in similar curriculum links. Similarly, in one of the links between a college and a university the partnership had extended degree teaching to all college faculties. In general, partnerships with colleges were closed and bounded by the terms of formal partnership agreements. Some reasons were given for this: in one case it was felt that extra partners might upset the balance of the partnership and in another that expansion would depend on increasing student numbers. There was little evidence of partnerships evolving from limited or promotional to systemic.

## *Communications*

Communication takes place at two levels — formal and informal. The formal systems involve committees and the nature of these is discussed below. There is also evidence of a more personal approach to communications between the partners.

From the point of view of college staff members involved in the college/university partnerships, there was a perception of enhanced status through teaching at the level and in the style of a university. This has been a motivating factor in sustaining staff through the difficulties of adjusting to the expectations of their university partner. Senior staff too in one college saw the link as 'a feather in the cap' for the college (which seemed to be more important in that case, than the rather doubtful economic aspects of the partnership). College staff having been encouraged to take up research are unlikely to want to return to their original lecturing roles. Such staff are likely to adopt the role of boundary spanners since they would see more advantages than disadvantages at both a personal and institutional level in maintaining



the links. According to research cited in Alter and Hage, a process of social bonding is then likely to take place which would pave the way for joint production ventures. Perhaps because many of the linkages studied are fairly recent, they have not reached this stage of development. Equally the process appears somewhat one-sided with college staff seeing more benefits than the university staff. This too may inhibit the development of more sophisticated exchange or production networks.

It was clear from the data provided by associates that there are very well defined channels of communication. However, the informal links between individuals in the colleges and universities that very often sustained the joint work were necessary to the smooth running of the partnership. These informal linkages were also an important aspect of the school/college partnerships which seemed to be exclusively sustained through personal involvement. The operation of boundary spanners appears to be limited, with colleges making most of the attempts to maintain contacts. The best examples of boundary spanners are the school liaison officers of the colleges in college/school partnerships and interested individuals in the college/university links.

In terms of administrative co-ordination, partnerships between colleges and HE institutions, and with other colleges, were complex and formalised through a variety of committee structures. Some of the partnerships also involved links with the external environment including both national and regional authorities. Links with schools tended to be less formal and more focused on a smaller set of objectives.

In general, where there were formal agreements between colleges and universities these included statements of responsibility for particular functions in the partnership. For example, the membership of the committee structures is defined and clear. At the strategic level the division of labour within the partnership tends to be clearly defined. On the whole, though, there is little evidence of joint teaching and staff development in these partnerships. There is also some difficulty in terms of the ownership of curriculum materials. In one partnership these materials clearly belong to the institution which developed them; in

another, the question of ownership remains an unsettled issue. In the school partnerships each partner seemed to be clear about their contribution to the partnership. These issues highlight once again the limited nature of the partnerships studied.

### ***Strengths and power***

In general, it is difficult for researchers to identify the balance of power in social situations. There are a number of possible reasons for this. First, neither weaker nor stronger members of the union are likely to admit to their position. For the weaker members, it could mean a loss of face. For the stronger members, it could lead to a loss of that position which may have been maintained partly as a result of being tacit rather than explicit.

Secondly, it may be difficult for those inside the relationship to identify their relative power positions. Some organisational dissonance may be resolved by the belief that the organisation is more advantageously placed than objective indicators suggest. One of our research associates described this phenomenon in a partnership between a university and an FE college.

*At senior management level in (the college) much emphasis was placed on the equality of both partners in the academic association . . . The college management view was that there were no circumstances in which one partner would be more dominant than the other, however the university position was that the final say in decision-making rested with them . . . The perspective of (the university) was that in every partnership there existed a senior and a junior partner and that currently (the university) occupied the senior role.*

*At the level of teaching staff there was the perception that whilst (the college) lost no power through their association with (the university), the university had the upper hand in power distribution. This came about through the observation that whilst (the university) does not do anything that requires to be checked by (the college), the college's procedures were constantly checked by the university.*

Finally, the balance of power within a relationship is not necessarily a simple variable fixed across different aspects of the relationship and through time. There could be a number of dimensions of the relationship, each with differing distributions of power. This situation existed in another of the FE college/university case studies. In most dimensions, the balance of power lay with the university but in one curriculum area the college had greater power since its courses were recognised by the relevant professional body while the equivalent courses in the university were not.

The balance of power can also change over time, as illustrated above. For a period the university was highly motivated to increase its student numbers in order to acquire university status. During this period the college had an advantage since it had access to the resources (future and current students) required by the university.

The case studies suggest that two features are important in determining the balance of power in a relationship: the dependency of partners on resources held by other partners and the structural relationship between the partners which often gave one partner administrative power over the other.

### *Resource dependency*

Resource sharing is a feature of all of the partnerships researched. Resources, in this context, are defined very widely as anything (or anyone) that opens up desirable opportunities for the organisation. For example, schools have access to pupils. In the eyes of colleges and universities, these pupils are a resource to which they would like access. In one of the case studies, an FE college had a specialist lecturer whom the partner school wished to use. In two of the case studies, university engineering departments made use of specialist workshops in FE colleges. The resource desired does not have to be tangible (e.g. people or equipment). In these days of intensive marketing, the status of being the associate college of a university can be highly attractive to an FE college. This status has been achieved by colleges within our study and its

importance to senior FE staff is illustrated in the following extract from a case study involving a university and an FE college.

*The costs associated with teaching on the degree are invoiced each term. Historically this has been done at an uneconomic rate. Negotiations are now taking place to ensure that the College makes a reasonable return on its investment. However, the Principal is known to view this particular arrangement with favour and sees the link as a feather in the College's cap.*

In this example status has an intangible value that balances financial loss. This puts the college on an unequal power footing with the university. It is this dependency on resources held by the other partner that leads to an imbalance of power. There are obvious links here to the resource dependency theory outlined by Hoy and Miskel.

### *Administrative control*

A number of the links studied were based on curricular articulation — for example, secondary schools offered programmes to their pupils that guaranteed access to college courses, or FE colleges offered courses that allowed advanced standing on university degree courses. Other curricular links involved universities validating courses offered by FE colleges. In each of these cases the formal power is held by the partner providing the validation or allowing access. For example, one research associate wrote 'Clearly the fact that the university has the power to validate new courses and withdraw support for existing courses at the end of their validation period, suggests that the balance of power lies with them'.

Sometimes these two features (resource dependency and administrative control) interact to shift the balance of power over time. The following quotation from one of the case studies illustrates how this can happen.

*The memorandum of agreement was first drawn up at the height of (the university's) campaign to gain university status via a strategy of increased student numbers. It is feasible that (the university) viewed the memorandum*

*as a means to an end. Having attained university status, there may no longer be the pressure to collaborate or co-operate unless to do so meets other strategic objectives. The link remains a strategic priority for (the college). To date it seems that little action has been taken to progress the initiatives covered by part of the memorandum. For example, to date there have been no instances of joint staff development, validation of courses by (the university) or franchise arrangements. . .*

*The links that (the college) is able to establish and maintain with (the university) and others will help to ensure its survival in the long term. . . In a relationship of multi-faceted inequities, (the college) will have to work hard to meet its own objectives. . . It must not become a pawn in a political game played by the higher education institutions. (our emphasis)*

In this case one partner normally held more of the resources desired by the other partner and also held administrative power but, for a while , market conditions shifted the balance of power to the other partner. It is not clear whether the normally weaker partner used this moment to its advantage.

So despite the difficulties in gaining direct information on the power distribution in the partnerships, it was possible to gain some insights. One of our themes in this chapter is that the rhetoric often conflicts with the realities of the relationships. In most cases where senior managers were interviewed about the power balance they would characterise the relationship as equal, with consensual decisions and evenly distributed power. For example, one senior college manager referred to relationships with partners as 'equal and supportive' and said that meetings of the co-ordinating group have been about negotiation rather than any one college principal taking the main role. A senior manager in another college in that partnership said that 'staff would not see any one partner as dominant'. A head of section describing a link between a school and an FE college answered that the power was distributed between equal partners.

This rhetoric of equality could, however, be refuted both by the perceptions of detached outsiders and also by some of the structural and operational features of linkages. Referring to one of the links mentioned in the previous paragraph, an involved outsider said that two of the organisations in the partnership had greater economic strength than the others and dominated the strategic thinking of the group .

Not all of the partnerships studied were characterised by unequal divisions of power. Partnerships between schools and FE colleges seemed to be much more equal than those between colleges and universities. They appeared to be based more on win/win structures with both partners comfortable with their own role in the relationship. The desire of FE colleges for the status held by universities and the administrative power held by universities to give or withdraw recognition to college courses seem to give universities a power over colleges that is not replicated in the relationship between colleges and schools.

## Conclusions

Our research has indicated that although schools, colleges and HE establishments are increasingly forming partnerships, the degree of partnership is relatively limited. In the terms of Alter and Hage, the partnerships are, in the main, limited with some features of moderate co-operation. Post-compulsory education could potentially be the kind of service in which systemic networks, covering a wide range of both clients and service providers, could flourish. However, we discovered little evidence of development along these lines. In Scotland there is at least one embryonic systemic network — the University of the Highlands and Islands. This is at an early stage of development but has, from its inception, been conceived of as a network. Members of the network include Highlands and Islands Enterprise, FE colleges, schools, local authorities, local enterprise companies and existing universities. It will be interesting to see how this develops. There is not sufficient data

to draw firm conclusions but perhaps systemic networks have to be set up as such and not evolve from more limited partnerships. This tentative conclusion is to some extent supported by the community college group case study where close working links with other agencies did not develop from more limited co-operation but were part of the initial impetus for forming the partnership. Alter and Hage argue that systemic networks evolve from more limited forms of co-operation. Our research appears to suggest that systemic networks can be developed at the outset and, in Scottish post-compulsory education the evolutionary route is not more common.

Our research does support Alter and Hage's findings on power relationships within partnerships. Despite the rhetoric of equality, almost all of the partnerships studied contained inequalities. Alter and Hage make it clear that systemic networks only evolve when they involve a network of equals. FE colleges are often perceived as the Cinderellas of the education system. This weakens their position with respect to both universities and schools. Partnerships involving colleges and universities clearly had hierarchical structures with the universities in the dominant position. In one case a partnership which had started as a link between a single college and a university had developed into a partnership involving five colleges and the university. The university remained the dominant partner. The community college consortium was in a stronger position in relation to universities because it addressed them as a unit. If, as partnerships grow, the nature of the power within them remains hierarchical, they are unlikely to become systemic in the way described by Alter and Hage. We did not find evidence of a reduction in inequalities as partnerships grow and are therefore sceptical of the evolutionary theory of systemic partnerships.

On the positive side there was a great deal of active commitment to the partnerships. It was also encouraging that, although institutional survival and growth were important to the participants, the methods through which this is achieved are beneficial to the pupils and students who are the clients of the service. Although in some cases the

partnership arrangements did not go as far as they could have in benefiting the students, there were no examples of practices which were against the interests of students.

The fear we expressed in the introduction was that the legislation could 'reduce choice and widen inequalities'. We would suggest that our research has refuted this fear and indeed that there is some evidence that choice for students (if not standards) has been increased by the operation of partnerships within a competitive market.

The authors would like to acknowledge the considerable contribution made by our research associates without whom the project could not have been completed.

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## Acronyms

ACAS	Advisory Conciliation and Arbitration Service
ALF	average level of funding
CEF	College Employers Forum
CEPAM	Centre for Educational Policy and Management at the Open University
ERA	Education Reform Act
ESOL	English for speakers of other languages
EU	European Union
FE	Further education
FEFC(E)	Further Education Funding Council for England
FEFCW	Further Education Funding Council for Wales
FHE Act	Further and Higher Education Act
FTE	Full time equivalent
GM	grant maintained
GNVQ	General National Vocational Qualifications
HE	Higher education
HRM	Human resource management
LEA	Local education authority
LEC	local enterprise council
MCI	Management Charter Initiative
MSC	Manpower Services Commission
NAFE	Non-advanced Further Education
NATFHE	National Association of Teachers in Further and Higher Education

NTET	National Target for Education and Training
NVQ	National Vocational Qualification
SMT	Senior management team
SOED	Scottish Office Education Department
TEC	Training and Enterprise Council
THES	<i>Times Higher Education Supplement</i>
VP	Vice Principal
VSM	Viable systems model
WRFE	Work-related further education

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