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## Making Strategy at a Malaysian Higher Education Institution

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**Abstract:** Malaysia is working towards transforming into a knowledge-driven economy where the generation and the utilization of knowledge contribute significantly to economic growth and wealth creation. Knowledge being singled-out as one of the key factor in driving growth and creating value. This notion has an expansive implication on how industry, academia and government must now work closer to make active contribution. Universities are now driven to find their way to better deliver. Drawing upon Mintzberg's five definitions of strategy: plan, ploy, pattern, position and perspective [1], this paper reviews the elements of strategic planning in the context of a higher education institution in facilitating their strive to deliver in responding to those emerging demands. It also demonstrates how the Balanced Scorecard framework can potentially help structure a more comprehensive thought-through process in shaping strategies. It concludes with a set of guidelines for strategy making.

**Keywords:** Strategic planning, multiple stakeholders, higher education institution, balanced scorecard

### 1. Introduction

The National Mission and 9<sup>th</sup> -10<sup>th</sup> Malaysia Plans set out the country's vision in transforming Malaysia into a high-income knowledge-based economy by 2020. For the higher education sector, these aspirations were expressed in the National Higher Education Strategic Plan (NHESP) 2007-2020 aimed at driving higher education institutions (HEIs) towards reform emphasising the development of human capital [2] with the 'capacity to create, innovate, generate and exploit new ideas as well as apply technology and exercise superior entrepreneurial skills'<sup>3</sup> [3]. This challenge is exacerbated by the dwindling state budget for education. HEIs in Malaysia are expected find their ways to deliver excellence in meeting those demands with Ministry managing from an 'arm's length', similar to the 'State Supervision Model' [4]; and 'moving the public sector from maintenance management to more proactive management' [5].

There were concerns that HEIs were incapable of renewing themselves at the pace of changing milieus making them inefficient [6], possibly rendering themselves irrelevant to industry or societal needs. It is indeed a challenge for HEIs to manage multiple stakeholders expectations: to the public, they educate and impart knowledge; in the face of national and international competition they must achieve research excellence; they must contribute to the community in providing solutions to complex issues; and they must demonstrate success in the return of public money invested in education. In his article, 'Creating Adaptable Universities' Spanier [7], states that HEIs need to strategically respond to the opportunities resulting from the changing competitive landscape through student centredness, interdisciplinary research, access and affordability, technology, globalisation, and service.

There is an urgent need for HEIs to regenerate themselves through exploitation of core competencies as

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<sup>3</sup>Chapter 5 Developing Malaysia into a Knowledge-based Economy, Economic Planning Unit.

business models, to develop capability for longer-term flexibility and to proactively rounding up members of the organisation in creating outcomes. The process of strategy making helps pull members together in realising the strategic intent of the organisation and helps organisations manage complexity through thinking strategically rather than just planning [8].

For many HEIs in Malaysia, the drive for better performance is becoming crucible now. Performance monitoring systems were already in place to regularly review achievements of institutions. This evaluation model is not new [9] particularly with governments who had gone through phases of public sector reform, see Britain, Canada, Australia. There is no escaping from strategising to exploit opportunities surfaced from the current governmental transformation initiatives as business models in driving performance.

Based on what worked well at a respective institution, this paper advocates for the need for strategic planning processes for HEIs in managing multiple stakeholders expectations and in ensuring its relevance in a dynamically changing education landscape.

The objectives of this paper include, to provide insights into the strategic planning processes employed by an institution in Malaysia in response to diverse needs, and to propose for a framework in guiding strategic planning for HEIs. The paper discusses a framework for making strategy and it also demonstrates the use of a balanced scorecard framework in structuring a more comprehensive thought-through process in shaping the plans. This paper argues that not all HEIs are mired in old-school strategic planning process as purported by some authors, refer [10], but instead there are some aggressively strategising actionable plans driving the institution forward in making a difference.

## **2. Strategic Planning in Higher Education**

In the current wave of dynamism in higher education landscape strategic planning is in no doubt a useful management tool. HEIs as with any private business organisation, need to plan, ploy, pattern, position and have a perspective of its direction [1].

Strategic planning involves creating and moulding the future, along with making sense of the past, constructing rather than simply predicting, and responding to, some pre-determined future reality [8]. It is about developing the capability for long term flexibility and strategic opportunism rather than making and sticking to longer-term plans. The planning process is operationalised through a conscious effort of steering the institution course of action to actively contribute towards the national agenda. At the same time those activities must also promote their reasons for existence. HEIs must ploy to effective maneuver plan of actions intended to demonstrate success in respective key result areas charted by government. HEIs must streamline their operations into recognizable patterns to enhance visibility to strategically position how it wants to be seen, and what the institution stands for.

## **3. The Elements of Strategy Making**

### **3.1 Challenges Facing Higher Education Institution**

The following are the main areas of consideration HEIs in Malaysia must recognise and address when making strategy to remain relevant (consumer orientation [11]) surviving the current hard times.

#### **3.1.1 Government Economic Agenda**

The New Economic Model 2010 (NEM) drives the country transformation agenda with an objective to developing 80% of its population from low to middle-income ladder. In supporting this agenda, the Ministry of Higher Education launched the National Higher Education Action Plan (NHESP) 2007-2020, aimed at developing human capital by widening access to education, and making HEIs instrumental in creating knowledge-based economy. In addition, the 9th Malaysia Plan, introduced an award for the prestigious Malaysian Research University status that promises a significant increase in research budget.

The Economic Transformation Project (ETP) was launched as part of the implementation strategy to push all sectors in the country to realise the plans outlined in the NEM. Education has been ear-marked as one of the 11 sectors in developing the nation with a focus on research and innovation, and specifically 13

Entry Point Education Projects to generate RM19million Gross National Income by 2020 which correspond to lowering unemployment and higher standards of living [12].

HEIs were now encouraged to generate income from, among others, training, consultancy, commercialisation of research innovation, and service provision to sustain the 30% budget reduction- a manifestation similar to that of governments worldwide in a bid to reduce their deficits; and a shift from state-centric to neo-liberal model through the introduction of a competitive market for higher education, where part of the financing need not be from the government [13]. Such governmental interventions drove structural, process and role change in HEIs.

### **3.1.2 Globalisation**

ETP is pushing for education to have a global reach. Education must now be relevant not only to the local community but reaching out regionally as well as globally. In an effort to enhance student success, HEIs need to increase and promote opportunities for students to engage in active learning in skills and personality development as employers demand for graduates who are versatile and adaptable to diverse working environment.

HEIs must promote and support high quality education in order for institutions to remain relevant and to gain the respect they yearn in becoming reference centres in the education industry.

### **3.1.3 Community Orientation**

The national agenda clearly states the need to adopt the concept of inclusiveness in addressing the widening of access to higher education. Inclusiveness calls for recruiting students from a more diverse population, a group whom were typically neglected or marginalised to some extent. Institutions must now critically assess if they were equipped to cater for their needs, what ought to be done and do they have the capability?

There is an increasing demand for education to be useful and relevant to people's lives. Given societal issues do no bear clear demarcation of disciplines, and that there are complicated community issues that require solutions, HEIs must encourage the development and recognition of new models of interdisciplinary research and qualifications rather than a continued focus on traditional academic pursuits. It is thus essential that an HEI strategic plan addresses the link between academic activities and community needs.

### **3.1.4 Ethics and Mission Statement**

Whether higher education is a public good or a commodity of trade has been discussed widely, see [14]. The Malaysian Ministry of Higher Education is steering HEIs towards widening access to higher education for the critical mass while at the same time trading education as a commodity internationally. A strategy that would ensure continued government's commitment to, and public funding for, higher education while at the same time creating an initiative to generate a level of monetary return of investments for financing higher education.

The HEI in question strongly believes ethics must underpin the planning process in order to build trust and make a difference to the community; ethical processes resulting ethical consequences as advocates by Kaufman [15]. In addition, the mission statements of the institution provide clear guidance on the core values it champions.

Ethical decisions in education ought to bring continuous improvement to all stakeholders [15]. The stakeholders in this context referred to the government, tax payers, consumers, and community (external) as well as members of staff and any other person associated in any way with the institution (internal). While the institution strives to deliver better results to external stakeholders, it must also choose to make work-life and business environment better for its members as satisfied employees lead to higher productivity [16].

## **3.2 Institutional Research**

Strategic planning of an organisation necessitates the availability of relevant and updated information. It was found useful to have a unit responsible to gather related facts, essential to substantiate the development of strategies. In this regard, institutional research team or unit could be instrumental in providing the

foundation for strategic planning for the institution. The unit mainly manages a centralised database to collate, analyse and converting data into actionable information supporting decision making at various levels. This unit was responsible for generating routine reports for internal and external use. External reports were tailored mainly for the Ministry of Higher Education, while internal reports comprising details on student enrolment, graduation and employability; analysis on research activities and related productivity levels; and overall university performance against key performance indicators. Internal reports ought to be used to inform senior management decision-making rather than just another ‘required’ document for documentation sake.

### 3.3 Balanced Scorecard

Government transformation plan coaxed for a more robust performance measurement and management project at institutional level necessitating for a greater extent of use for the existing institutional balanced scorecard (BSC). The outputs from the BSC informed University-wide performance review meeting was introduced in 2009 where management teams present the performance of their respective units to the senior officials. This practice provides an avenue for vigorous discussions on lack of or non-performance, highlighting performance issues and identifying mitigation actions. As measures and data collection mechanisms stabilized slightly more, institutional research team now produces quarterly performance information facilitating senior officials’ decision-making process.

The perspectives of BSC namely stakeholder, customer, finance, process and learning & growth were used in structuring thinking during the strategy making workshops, facilitates a team of managers who "act thinkingly rather than muddling through" [8] as depicted in Fig. 1 below.

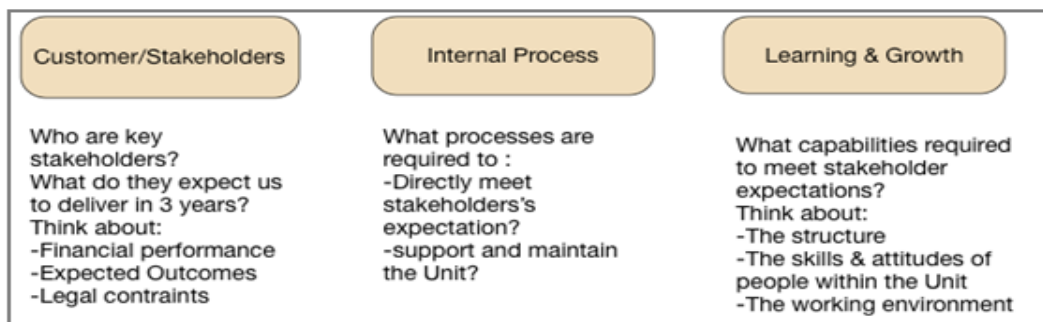


Fig. 1 Perspectives of Balanced Scorecard supporting structured thinking in strategy making process

### 3.4 Benchmark and Rating

Benchmarking is useful process in identifying areas for improvement. It compares institutional performance information against the ‘best in the business’. Rating criteria, such as those introduced by Malaysian Research Excellence University (Fig. 2) coerced the institution to focus on core areas of practice and encourage an evidence-based approach to quality improvement. Strategy can then be aligned with indicators and criteria to drive performance.

No	Summary and Total Marks	Marks Obtained	Full mark
1	Section B: Quantity and Quality of Researchers (25%)	16.1	25
2	Section C: Quantity and Quality of Research (30%)	13.3	30
3	Section D: Quantity of Postgraduates (10%)	11.5	10
4	Section E: Quality of Postgraduates (5%)	5.2	5
5	Section F: Innovation (10%)	6.4	10
6	Section G: Professional Services and Gifts (7%)	7.0	7
7	Section H: Networking and Linkages (8%)	7.4	8
8	Section I: Support facilities (5%)	2.8	5
<b>Total</b>		<b>69.7</b>	<b>100</b>

Fig. 2 Rating Summary for Malaysian Research Excellence University

## 4. Conclusions and Lessons Learned

In general, this paper has identified some main elements that can add value to strategic planning process. The above are some salient features used by an HEI in its strategy making process. Among others HEIs must primarily focus on the broad priorities in shaping their directions; i.e. national agenda and its mission. In strategy making, institutions must also address emerging issues such as globalisation, community orientation and ethics in education, or quality assurance which warrant comparative studies, benchmarking and rating. In this regard, institutional research has a promising role in supporting more informed decisions regarding the strategic choices institution face. The Balanced Scorecard perspectives were found useful in structuring the thinking process. One main operational challenge in making strategy is to ensure active approach in moving those plans into operational terms that were understood by all. Lessons learned from the three cycles of strategic planning experienced at the Institution provide a set of guidelines for strategy making process:

- A high level of awareness of how the institution ought to actively contribute towards the national agenda;
- Understand how the environment affects the directions and delivery of institution;
- A planned effort in aligning strategy with indicators and criteria of quality rating in driving performance;
- A conscious effort in preserving the notion of 'education being a public good', ensuring ethics and the mission of the institution were shaping each strategy;
- The importance of institutional research in enabling informed decision making;
- Mindful of various perspectives such as stakeholder, customer, process, learning and growth and finance impinged the molding of plans;
- The need to obtain consensus on broad strategic priorities. Workshops with specific group help engage members and ensure buy-in from various levels can help ensure a smoother move from strategic plans to operational planning; and
- The need to align strategies with capability development, and financial and resources allocation.

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