

1987

# Relationships among indicators of institutional viability and variables associated with planning processes in small, independent liberal-arts institutions

Jann Eloise Freed  
*Iowa State University*

Follow this and additional works at: <https://lib.dr.iastate.edu/rtd>

 Part of the [Higher Education Administration Commons](#), and the [Higher Education and Teaching Commons](#)

## Recommended Citation

Freed, Jann Eloise, "Relationships among indicators of institutional viability and variables associated with planning processes in small, independent liberal-arts institutions " (1987). *Retrospective Theses and Dissertations*. 8643.  
<https://lib.dr.iastate.edu/rtd/8643>

This Dissertation is brought to you for free and open access by the Iowa State University Capstones, Theses and Dissertations at Iowa State University Digital Repository. It has been accepted for inclusion in Retrospective Theses and Dissertations by an authorized administrator of Iowa State University Digital Repository. For more information, please contact [digirep@iastate.edu](mailto:digirep@iastate.edu).

## INFORMATION TO USERS

The most advanced technology has been used to photograph and reproduce this manuscript from the microfilm master. UMI films the original text directly from the copy submitted. Thus, some dissertation copies are in typewriter face, while others may be from a computer printer.

In the unlikely event that the author did not send UMI a complete manuscript and there are missing pages, these will be noted. Also, if unauthorized copyrighted material had to be removed, a note will indicate the deletion.

Oversize materials (e.g., maps, drawings, charts) are reproduced by sectioning the original, beginning at the upper left-hand corner and continuing from left to right in equal sections with small overlaps. Each oversize page is available as one exposure on a standard 35 mm slide or as a 17" × 23" black and white photographic print for an additional charge.

Photographs included in the original manuscript have been reproduced xerographically in this copy. 35 mm slides or 6" × 9" black and white photographic prints are available for any photographs or illustrations appearing in this copy for an additional charge. Contact UMI directly to order.



300 North Zeeb Road, Ann Arbor, MI 48106-1346 USA



Order Number 8805073

**Relationships among indicators of institutional viability  
and variables associated with planning processes in small,  
independent liberal-arts institutions**

Freed, Jann Eloise, Ph.D.

Iowa State University, 1987

Copyright ©1988 by Freed, Jann Eloise. All rights reserved.

**U·M·I**  
300 N. Zeeb Rd.  
Ann Arbor, MI 48106



**PLEASE NOTE:**

In all cases this material has been filmed in the best possible way from the available copy. Problems encountered with this document have been identified here with a check mark .

1. Glossy photographs or pages \_\_\_\_\_
2. Colored illustrations, paper or print \_\_\_\_\_
3. Photographs with dark background \_\_\_\_\_
4. Illustrations are poor copy \_\_\_\_\_
5. Pages with black marks, not original copy
6. Print shows through as there is text on both sides of page \_\_\_\_\_
7. Indistinct, broken or small print on several pages
8. Print exceeds margin requirements \_\_\_\_\_
9. Tightly bound copy with print lost in spine \_\_\_\_\_
10. Computer printout pages with indistinct print \_\_\_\_\_
11. Page(s) \_\_\_\_\_ lacking when material received, and not available from school or author.
12. Page(s) \_\_\_\_\_ seem to be missing in numbering only as text follows.
13. Two pages numbered \_\_\_\_\_. Text follows.
14. Curling and wrinkled pages \_\_\_\_\_
15. Dissertation contains pages with print at a slant, filmed as received \_\_\_\_\_
16. Other \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**U·M·I**



Relationships among indicators of institutional viability  
and variables associated with planning processes in  
small, independent liberal-arts institutions

by

Jann Eloise Freed

A Dissertation Submitted to the  
Graduate Faculty in Partial Fulfillment of the  
Requirements for the Degree of  
DOCTOR OF PHILOSOPHY

Department: Professional Studies in Education  
Major: Education (Higher Education)

**Approved:**

Signature was redacted for privacy.

**In Charge of Major Work**

Signature was redacted for privacy.

**In Charge of Major Work**

Signature was redacted for privacy.

**For the Major Department**

Signature was redacted for privacy.

**For the Graduate College**

Iowa State University  
Ames, Iowa

1987



©1988

JANN ELOISE FREED

**All Rights Reserved**

## TABLE OF CONTENTS

CHAPTER I. INTRODUCTION	1
Background for Study	1
Statement of the Problem	4
Statement of the Purpose	5
Definition of Terms	6
Variables	8
Research Hypotheses and Rationale	8
Statement of Assumptions	11
Limitations of the Study	11
Significance of the Study	12
CHAPTER II. REVIEW OF THE LITERATURE	14
Introduction	14
The Need for Planning	15
The Importance of the External Environment	18
The Uniqueness of the Liberal-Arts College	24
The Role of the College President	29
Three Common Approaches to Planning	30
Long-range planning	30
Incremental planning	32
Strategic planning	38
Strategic planning models	41
Reputation, Quality, and Selectivity	46
Financial Management and Endowment	51

Conclusion	54
CHAPTER III. METHODOLOGY	58
Introduction	58
Subjects	59
Instrumentation	62
Procedures	66
Instrument development	66
Sample selection	67
Administration of the survey	68
Data Analysis	70
Classification of Institutional Planning	
Process	72
Description of planning processes	75
Hypotheses testing	75
CHAPTER IV. RESULTS	77
Introduction	77
Description of Institutional Planning	78
Hypotheses Testing	82
CHAPTER V. DISCUSSION	97
Description of Institutional Planning	97
Hypotheses Testing	104
Hypothesis One	104
Hypothesis Two	106
Hypothesis Three	107
Hypothesis Four	108

Hypothesis Five	108
Summary	111
BIBLIOGRAPHY	116
ACKNOWLEDGEMENTS	126
APPENDIX A: SURVEY INSTRUMENT	129
APPENDIX B: LETTER TO PANEL EXPERTS	141
APPENDIX C: LETTERS TO SUBJECTS	144

## TABLE OF FIGURES

Figure 1.	Conceptual representation of environmental cross impacts	22
Figure 2.	Long-range planning model	32
Figure 3.	Process orientations of the paradigms	35
Figure 4.	A comparison of orientations between conventional long-range planning and strategic planning	40
Figure 5.	Academic strategy model	42
Figure 6.	Levels of strategy in colleges and universities	43

## LIST OF TABLES

Table 1.	Age of respondents	60
Table 2.	Highest degrees earned by presidents	60
Table 3.	Major area of study for presidents	61
Table 4.	Length of time as president	61
Table 5.	Average sources of revenues per institution	62
Table 6.	Distribution of respondents based on selectivity of the institution	68
Table 7.	Number of institutions classified as a planning process based on the percentage of responses to questions 10-25	73
Table 8.	Number of institutions classified into planning processes based on sixty percent of the responses to questionnaire sections B, C, D, E, and F	74
Table 9.	Group responsible for planning	79
Table 10.	Presidential time on the planning process	79
Table 11.	Planning components included in an institutional plan	81
Table 12.	Correlations among indicators of institutional viability as reported by college presidents or rated by the American Council on Education and NACUBO	84a
Table 13.	Means and standard deviations of viability and various measures of institutional viability by planning process	85
Table 14.	Analysis of variance of institutional viability by planning process	85
Table 15.	Analysis of variance of current perceived reputation and quality by planning process	86
Table 16.	Analysis of variance of current perceived institutional selectivity by planning process	86

Table 17.	Analysis of variance of current perceived endowment by planning process	86
Table 18.	Planning process by institutional rating as outstanding	87
Table 19.	Means and standard deviations of importance of factors considered in the development or revision of the mission statement by planning process	89
Table 20.	Means and standard deviations of the importance of each environmental factor considered in the development of an institutional plan by planning process	92
Table 21.	Means and standard deviations of the importance of each institutional resource considered in determining the institutional plan by planning process	95

## CHAPTER I. INTRODUCTION

## Background for Study

"The essence of planning is to insure the achievement of desired change rather than to accept the uncertainty of uncontrolled change" (Miller, 1980, p. 29). Planning is important for any organization, profit or non-profit, but it is particularly important for small, independent liberal-arts institutions operating in today's rapidly changing environment. The environmental changes that have been identified as affecting higher education institutions in the next two decades are the demographic depression, high rates of inflation, technical inventions and innovations, and federal and state spending cutbacks especially in the area of student financial aid (Carnegie Council on Policy Studies in Higher Education, 1980).

These environmental changes result in increased uncertainty about the future (Green, 1987; Whittaker, 1978). This increased uncertainty may create a fear of planning in colleges and universities because it is more difficult to ensure that all of the necessary factors are considered (Copeland, 1985). In fact, Elgart and Schanfield (1984) and Copeland (1985) imply that this is the case when they point out that administrators find it



easier to plan for the short-run by reacting rather than to engage in a formalized planning process where the focus is on the long-run future of the institution.

Planning is defined in the literature in a variety of ways, but three formal planning approaches are commonly referred: long-range, incremental, and strategic planning (Jean, Posey, & Smith, 1984; Keller, 1983; Schmidtlein, 1986). Long-range planning focuses on forecasting the future using quantitative tools. The information which results is used to design a long-range plan for the institution (Parekh, 1977). Incremental planning is based on the premise that predictions are difficult to reach because people and institutions act irrationally. According to this approach, people make short-range plans based on compromise and negotiation (Jean et al., 1984). Strategic planning incorporates both a short-range and a long-range approach to dealing with external influences (Copeland, 1985). Its basic perspective is analyzing the environment surrounding the institution (Green, 1987).

Kotler and Murphy (1981) believe that planning is essential for institutional viability. Three commonly identified measures of institutional viability are reputation and quality of the institution, selectivity in admitting students, and the size of the endowment (Astin,

1985; Astin & Solmon; 1981, Bailey, 1987; Tan, 1986). Reputation and quality are variables that are usually studied simultaneously because they are so closely related. According to Astin (1985), the most striking characteristic of high quality undergraduate programs is their selectivity in admitting students that have high test scores and outstanding high school records. Astin believes the process "feeds on itself." "As the institution's admission policies become more selective, its reputation is enhanced, and ever larger numbers of students seek admission" (Astin, 1985, p. 41). For example, raising the admissions standards was the most substantial recommendation concerning higher education made by the National Commission on Excellence in Education in the report A Nation at Risk (Astin, 1985).

Astin (1985) reports that reputation and resources are also related and are mutually reinforcing--an enhanced reputation generates additional resources, and additional resources (highly capable students and nationally recognized faculty and endowment size) enhance an institution's reputation. Bailey (1987) reports that capital campaigns are now playing a growing role in colleges' long-term planning. Most colleges list student aid, faculty salaries, and technological equipment as their most crucial priorities creating the need for major

fund drives. One major trend in fund-raising campaigns is trying to increase the size of the endowment. Endowment increases allow for an opportunity to redefine an institution's position as well as its mission and purpose which are important components of planning. Bailey believes that fund-raising campaigns that grow out of long-term plans make it possible for colleges to become more selective and therefore increase the reputation and quality of the institution.

#### Statement of the Problem

Although institutional planning processes and institutional viability have been addressed in the literature, no studies have focused on whether or not there is a relationship between them. Because planning is so vital for small, independent liberal-arts institutions, it is essential to establish a linkage, if possible, between how institutions plan for the future and their reputation and quality, selectivity, and endowment.

Assessing the planning processes being practiced in these institutions is also important in order to provide a more specific description of the kind of planning that is currently taking place.

### Statement of the Purpose

In this study, presidents of small, independent liberal-arts institutions were surveyed to determine if there are relationships among institutional planning processes and the three key indicators of institutional viability: the institutions' reputation and quality, its ability to maintain selectivity, and its endowment size rated by those presidents. Presidents were selected to provide the data because research indicates that the president is the most influential person in the implementation of the planning process in these particular types of institutions. The president is often the most identifiable leader in small, independent liberal-arts institutions and therefore is essential in the implementation of the planning process (Green, 1987).

A comparison was made between a subset of institutions rated as outstanding and those that were not rated by a nationwide survey of college presidents (U. S. News and World Report, November, 1985). This was done to examine the differences, if any, between the planning process and institutional viability in the colleges that were or were not rated.

In addition, because of the emphasis placed on the key leadership positions in the literature, the role of the president was explored to see if the amount of

presidential participation is related to a particular planning process or to the institution's viability as previously defined.

Finally, a description was included of the planning processes being practiced in small, independent liberal-arts institutions.

#### Definition of Terms

The terms used in this study may be defined as follows:

Small, independent liberal-arts college: a nonprofit, baccalaureate degree-granting college of liberal arts and sciences that has:

- 1) an undergraduate enrollment of no more than 2,000 full-time students,
- 2) operated for at least three years, and
- 3) received full accreditation in the private liberal-arts category by its regional accrediting association.

This definition was adapted from the criteria for membership eligibility in the Council of Independent Colleges, CIC, 1986.

Long-range planning: assumes a closed system where the emphasis is toward internal analysis using quantitative models. The focus is on developing a document of institutional goals and objectives which is

distributed throughout the institution. The approach views planning as a separate institutional function rather than an integrated function of college administration (Cope, 1981).

Incremental planning: assumes that change occurs in a political and social context where all the dynamics of decision making cannot be grasped. Incrementalism focuses on developing short-range goals through organizational decision making of individuals and interest groups. Policies and plans are decided through many small steps, choosing values, goals, and means simultaneously (Jean, Posey, & Smith, 1984).

Strategic planning: assumes an open system in which institutions are dynamic and constantly changing as they integrate information from the external environment (Cope, 1981). Norris and Poulton (1987) use Shirley's definition of strategic planning. According to Shirley, strategic planning must focus on the following criteria:

- . Define the institution's relationship to its environment;
- . Generally take the whole organization as the unit of analysis;
- . Depend on inputs from a variety of functional areas; and
- . Provide direction for, and constraints on, administrative and operational activities throughout the institution (Norris & Poulton, 1987).

### Variables

The variables addressed in the study were: (a) type of planning process, (b) the reputational rating of the institution, (c) reputation and quality, institutional selectivity, and endowment, hereafter referred to as institutional viability, (d) the extent of the president's participation in the process, (e) rated selectivity, (f) rated endowment five years ago, (g) rated current endowment, and (h) planning factors.

### Research Hypotheses and Rationale

Hypothesis One: Reputation and quality, selectivity, and endowment, whether rated independently or perceived by the presidents, are viability variables which are highly correlated.

Rationale: Research indicates that these variables are interrelated, therefore when tested for correlations, these variables should be highly correlated.

Hypothesis Two: Differences exist in institutional viability: reputation and quality, selectivity, and endowment, both in combination and when taken separately, as a function of the three common planning approaches used in higher education institutions: long-range planning, incremental planning, and strategic planning.

Rationale: The linkage between the planning process used by the institution and its viability is not

specifically addressed in the literature. Some authors (Cope, 1981; Jean et al., 1984; Keller, 1983) have asserted that strategic planning has been effective in the corporate sector because of the incorporation of short-range plans with a long-range perspective when dealing with the external environment (Copeland, 1985). Therefore, institutions of higher education utilizing this type of planning approach may be more viable than those using other planning processes. On the other hand, it is possible that less viable institutions are those which need, and have adopted, such a process. If this is the case, an inverse relationship would be noted between these two variables (i.e., the less viable the institution, the more likely strategic planning is utilized).

Hypothesis Three: There is a negative relationship between the president's participation in the planning process and institutional viability.

Rationale: As institutional viability declines, a president's participation in the process is expected to increase. The president's position may be at risk if the institution's viability does not improve. Since planning is time-consuming, it may be delegated if institutional viability is strong.



Hypothesis Four: Differences exist between the planning processes used at institutions that were rated as being outstanding and institutions that were not rated.

Rationale: Institutions rated as outstanding may be more effective in planning by utilizing a particular planning process.

Hypothesis Five: Differences exist between the planning processes when investigating the president's perception of planning factors categorized into three sections: factors considered in the development or revision of the mission statement, environmental factors considered in the development of the plan, and institutional resources considered in the development of the plan.

Rationale: These planning factors have been identified as strategic factors which should be considered in the development of a strategic plan. It is believed that presidents of institutions classified as implementing strategic planning should consider most of these to be very important in the development of the institutional plan. The presidents of institutions using strategic planning should place more emphasis specifically on the environmental factors than

institutions classified as implementing the other types of planning processes.

#### Statement of Assumptions

The first assumption is that the president is the key individual from whom to collect information concerning the planning process in small, independent liberal-arts colleges.

The second assumption is that the private colleges in this study vary in their planning processes and this variation can be detected through the use of a mail survey.

The third assumption is that the presidents honestly reported their views of the planning actions that take place at the institution and their perceptions of institutional viability.

The fourth assumption is that the viability of an institution can be evaluated by examining its rating of reputation and quality, selectivity, and endowment size.

#### Limitations of the Study

The sample was confined to independent liberal-arts institutions with an enrollment of 2,000 or less full-time students. Only the responses of the presidents at each institution were investigated in this study, collected via a mailed survey. Since the data in this

study were self-reported and filtered through the perceptions of the presidents, it may be that their responses are not true reflections of what actually occurs at the institutions.

This study did not attempt to evaluate the success of the colleges in implementing their plans or to evaluate the effectiveness of each planning process.

#### Significance of the Study

In the literature, several prescriptive models of planning are presented. Rarely, if ever, is information provided about how these models are implemented in higher education institutions. Little guidance is available as to what processes are used and the impact that these planning processes are having on the future of small, independent liberal-arts colleges.

This study will be helpful for higher education administrators who are concerned about institutional viability and who may be considering implementing a different planning process. This study will also provide college administrators with information for developing an institutional plan.

In addition, this study may provide a foundation for other researchers and professionals in the higher education administration field to use in conducting

further studies on the effects of planning on  
institutional viability.

## CHAPTER II. REVIEW OF THE LITERATURE

## Introduction

A review of the literature indicated that no studies were found which addressed the relationship between planning processes and institutional viability. The majority of studies describe the ideal planning process and do not study the impact of the process on an institution.

In the initial sections of this chapter, the literature addressing the following topics is summarized: the need for planning in higher education institutions, the importance of the external environment in the planning process, and the uniqueness of independent liberal-arts institutions.

Next, the significance of the presidential role in planning is addressed as well as three common approaches to planning: long-range, incremental, and strategic planning. The latter includes a description of strategic planning models and an explanation of their limitations.

The last portion of this chapter is a review of research on reputation, quality, and selectivity. Articles focusing on quality criteria and measurement are examined which indicate the relationship between reputation and quality and selectivity. The chapter

concludes with a review of the literature on financial management emphasizing the endowment of an institution.

### The Need for Planning

Planning for the future in higher education institutions is becoming increasingly significant because the environment surrounding higher education institutions has become much more uncertain (Green, 1987). Before the 1950s, institutional structures were relatively simple and the economy was fairly stable. But during the late 1950s and the 1960s many environmental changes took place. Institutions grew in size and complexity, technological developments increased, and the rate of change accelerated. These changes decreased the lead time to which higher education institutions were accustomed when formulating plans. In many cases, costs increased and revenue sources proved to be inadequate (Green, 1987).

A number of authors agree that the conservative climate of the past no longer prevails (Cope, 1981; Jonsen, 1984; Kerr; 1979, Morrison & Mecca, 1987). Along with all social institutions, higher education universities and colleges must adapt to pervasive and powerful forces of change from the environment in which they operate. According to Parekh (1975), even though administrators in higher education are aware of these

changes, higher education institutions typically suffer from a lack of operational long-run planning to address these changes. If a plan exists, usually it is too general to provide leadership and unity of purpose at all levels, and therefore it often remains in a drawer.

Elgart and Schanfield (1984) warn that when the issue is institutional survival, the instinct is to turn to short-run strategies. This type of planning tends to have the affect of a band-aid--providing only temporary relief. Many authors (Green, 1987; Keller, 1983; Morrison & Mecca, 1987) refer to this type of planning as crisis management, a very reactive approach. "The real key to survival, particularly for schools which have retained standards of academic excellence, lies in meaningful long-range planning and congruence among mission statements, objectives, goals, strategies, and policies" (Elgart & Schanfield, 1984, p. 449).

According to Green (1987), the absence of an operational plan which focuses on the future traditionally has plagued higher education institutions in five ways.

1. Direction. The institution plans on a yearly basis rather than for long-run needs. Crisis management becomes common for certain departments. No formal mechanism, such as a planning process, integrates departmental planning.
2. External environment. An assessment of the external environment takes place infrequently,

- if at all; therefore the institution does not have the broad view necessary to make decisions. Its leaders may be unaware of the external factors posing threats or offering opportunities to the institution.
3. Internal environment. An assessment of the internal environment takes place infrequently, if at all; therefore the institution is unable to identify its strengths and weaknesses.
  4. Resources. The relationship between resource allocation and goals is commonly ignored. Consequently, the institution is unable to respond to needs as they arise.
  5. Criteria for performance. Institutions too often evaluate their performances on revenues and expenditures. This encourages spending money rather than achieving goals.

A plan which focuses on the future is particularly important for the liberal-arts college because it is very susceptible to environmental changes. "The history of the development of the liberal-arts college is the story of an institution responding to change in its environment" (Jonsen, 1984, p. 172). The changes that have taken place over the decades have often shaped the character of these private institutions. As the nation's population expanded westward, and larger numbers of people graduated from high school, many new liberal-arts colleges opened. And with the increase in the nation's industry and wealth, more resources for expansion became available to liberal-arts colleges.

Planning for the future is critical for all higher education institutions, but differences exist between large and small institutions which create a special need to plan. In smaller institutions, decisions tend to be



made for a shorter period of time, daily issues have a greater impact on financial success, the entrepreneurial spirit prevails, administrators are more flexible in terms of policies and decisions, and the review of the budget is more informal (Green, 1987). Peck (1983) and Green (1987) believe that the failure to plan especially affects small institutions. Their research indicates that administrators in small institutions incorrectly perceive that formal planning is appropriate only for larger institutions. These administrators believe that their institutions are best served by the flexibility of intuitive planning.

#### The Importance of the External Environment

The need for future planning is necessitated because of the current external environment surrounding higher education institutions. This environment is comprised of several major environmental variables which are usually described as economic, demographic, political, social, and technological (Jonsen, 1984). These variables are characterized by change and turbulence and they influence institutions in ways such as fluctuating inflation (economic); rapid decreasing numbers of youths and increasing age of the population (demographic); tightening control of fiscal decisions and policy-making on institutional leaders by external agencies

(political); increasing interest in personal fulfillment and decreasing interest in automatic loyalty to major social institutions (social); and accelerating innovations in computer science (technological). Each of these variables will be briefly discussed.

The economic variable includes factors such as fluctuating interest rates and rate of inflation, availability of financial aid, trends in consumer spending, a volatile energy situation, and the rate of unemployment (Cope, 1981). These factors affect institutional costs which have a direct impact on the future direction of the institution.

College administrators have witnessed major shifts in the demographics of their students. In studying demographic changes, the Carnegie Council predicted a 25% decline of 18 year olds by 1992 (Kerr, 1979). This makes competition for students intense. The pool of students has been further decreased by educational programs offered by the military, government, and business. Hodgkinson (1980) states that there exists an increasing trend of noneducational organizations offering educational programs past the secondary level. Estimates from the College Board indicate that although 50 million or more adults engage in some type of systematic study,

only 12 million study in a college or university (Hodgkinson, 1980).

Political changes have had an increasingly significant impact on higher education institutions. Governmental policies affect the future plans of institutions in the areas of financial aid, retirement plan regulations, social security increases, Supreme Court rulings, and information disclosure laws (Green, 1987). These changes make higher education management that much more difficult when planning for the future.

The social variable encompasses changing values and new lifestyles. Not only are there fewer young people today, but their values and interests differ from those held a decade ago (O'Keefe, 1985). Changing values and interests pose a challenge to college administrators in terms of programs and services offered. The social-class structure and the mobility of the population has changed remarkably in the last 20 years (Cope, 1981). Many colleges are forced to expand their market and increase their recruiting efforts as students no longer automatically attend local or even regional institutions (Tuckman & Arcady, 1985).

No less significant is the pervasive spread of technology that has challenged the dominant instructional methods found in the majority of higher education

institutions in the United States (Morrison & Mecca, 1987). Changes in computer science, for example, not only affect teaching methods, but also the kinds of equipment used, the number of faculty and the skills needed, and the level of educational costs (Jonsen, 1984).

Environmental variables have different impacts on different colleges and universities. Some institutions are relatively independent from these variables because of self-perpetuating boards of trustees and wealth derived from endowment, research, and tuition. In contrast, other institutions depend on one major source of income, such as churches, citizens, or legislatures. But in many institutions where student enrollment fluctuates dramatically, receipts from tuition become more unpredictable (Baldrige, Curtis, Ecker, & Riley, 1978).

According to Baldrige et al. (1978), even when institutions engage in an environmental analysis process, many institutions mistakenly emphasize national trends and ignore local conditions in making planning decisions. These local conditions are also important as they include changes in the potential number of students, in public attitude and support, and in local demand for educational services and products.

Cope (1978) provides a diagram which indicates the environmental variables which have an influence on higher education institutions. This diagram includes several additional examples of the environmental variables previously described.

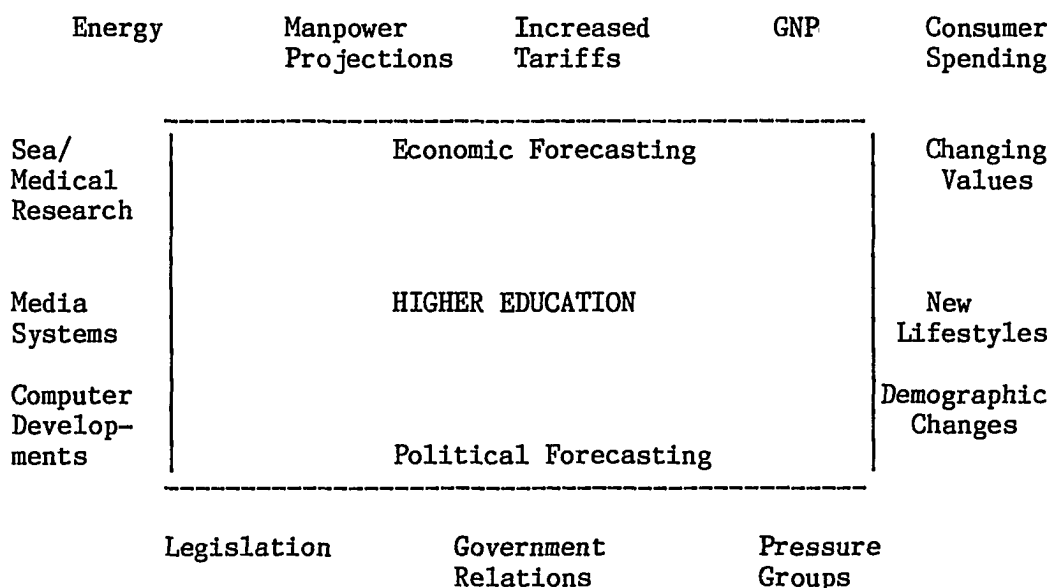


Figure 1. Conceptual representation of environmental cross impacts (Cope, 1978, p. 19)

The environmental cross impacts described by Cope (1978) have changed immensely in the last decade. Changes in demographics which influence enrollment trends and financial requirements have created a decline in resources and require a new set of administrative and organizational responses. These conditions complicate managing. Cameron (1983) studied responses to conditions

of decline and found that most administrators' and managers' work experience has been during periods of growth. In the 1950s, 1960s, and early 1970s, financial resources abounded, and most universities easily increased enrollments, greatly expanded physical plants, and provided new programs.

Accordingly, Cameron also found that administrators tended to maintain the status quo managing conservatively rather than innovatively, and pursuing strategies that were successful during previous conditions of growth, even when conditions had changed.

Individuals tend to attribute successes (growth) to personal (internal) factors and failures (decline) to environmental (external) factors beyond their control. Conditions of decline are often viewed as outside the administrator's control; thus no proactive responses are forthcoming (Cameron, 1983, p. 364).

With a highly decentralized form of management, colleges and universities must satisfy many constituencies. This burden complicates the implementation of novel strategies agreeable to all involved with the institution (Cameron, 1983). Independent liberal-arts institutions are also threatened because the traditional college student, under the pressure of limited financial resources, may choose to attend lower-priced vocational schools (Elgart & Schanfield, 1984). These challenges make it necessary

for educational institutions to analyze the economic, demographic, political, social, and technological variables in the external environment.

#### The Uniqueness of the Liberal-Arts College

The external environment is as equally challenging if not more challenging to the liberal-arts college. One reason is because the function of a liberal-arts college is to explore the meaning and limitation of comprehensive generalizations about man, the world, and human knowledge. This educational philosophy encourages interaction between people and disciplines, and emphasizes the interdependence of people in a world of limited resources (Blecker, 1980). Ryans and Shanklin (1986) are concerned about liberal-arts institutions because they believe today's students are more career-oriented than their predecessors in the late 1960s and early to mid 1970s. They feel that this focus on future occupations has increased the problems of small, independent, liberal-arts colleges with fewer professional offerings.

Even though private or independent colleges face challenges similar to those of public institutions, a significant institutional difference exists. Tuckman and Arcady (1985) report that the costs of attending a private institution are higher than the costs of

attending a public institution largely because of the small enrollments and dependence on private rather than government support. They believe that the gap between small independent college tuition and public tuition is large. Their investigation of this gap indicates that public tuition levels affect enrollments more at the less selective liberal-arts colleges. "This is consistent with the hypothesis that less differentiated institutions face greater competition than institutions with strongly differentiated offerings" (p. 19).

Independent colleges cannot charge a higher price than the competition unless they offer a product significantly higher in quality. Anderson (1977) suggests that independent colleges must decide how to distinguish themselves to justify their higher costs. Emphasizing a particular religion, for example, is one way to make the institution distinct. Even though church-related institutions provide unique educational environments, they still may not survive economically if they broaden their missions too much in order to increase enrollment (Anderson, 1977).

Defining a mission carries particular importance for small, independent liberal-arts colleges, because they seek recognition for performing tasks not emphasized by public institutions. Understanding and committing to an



institution's mission is essential to planning. Each institution must first determine its specific goals. An institution which has a clear focus on its goals has an advantage in recruiting students and marketing the institution (Hoffman, 1980). John Moseley (1980) feels that "the most basic need in the changing condition and context of higher education is the realistic rethinking of the college mission statement and renewal of the colleges' commitments" (p. 182).

From the beginning of higher education in America in the early days of the republic to the middle of the 1800s, the missions of colleges were to provide a liberal education to selected students and to offer training for new professions (Brubaker & Willis, 1976). Mission statements have since become more complex and more ambiguous. Green (1987) cites a 1979 study in which mission statements of three different institutions were quoted and readers were asked to match each statement with the respective institution. The majority of the readers mismatched the statements with the institutions. All educational institutions share common characteristics, but this study indicates that many institutions do not articulate their distinct characteristics.

A mission statement should communicate an institution's uniqueness. Cope (1981) lists nine elements for an effective statement: (1) a sense of heritage, (2) a statement of fundamental purpose, (3) a declaration of emphasis, (4) a statement of educational philosophy, (5) a statement of range of disciplinary offerings, (6) a position on constituencies to serve, (7) a statement on community service obligations, (8) a statement on governance and management, and (9) a delineation of the geographic zones of commitment. It should also facilitate various constituencies' understanding of the institution, and increase their support of the college. Finally, the statement can become a significant communication tool (Moseley, 1980), attracting "the students it wishes to serve and the support it needs to survive" (Mayhew, 1979, p. 28).

Howard Bowen and John Minter also feel that private colleges and universities must focus on the institutional mission. They state that:

One major question is whether in the struggle for survival, the basic integrity of private colleges and universities is threatened. With the growing intensity of competition for students and funds, are they being forced to respond to market forces in ways that impair their distinctiveness, their academic excellence, their concern for human scale and individual personality, their commitment to liberal learning, their role as a sanctuary of academic freedom, their position as standard-setters? It would be a hollow victory if the private sector were to survive and even prosper

financially at the expense of giving up the characteristics that make their survival important (Anderson, 1977, p. 3).

Mayhew (1979) argues that many liberal-arts institutions try to provide all things to all students in an attempt to gain support from a large portion of the population. Administrators that favor the comprehensive mission at the expense of the distinctive mission often risk mediocrity. They lose a sense of direction and fall short of their goals. It is an issue of risk versus return.

Distinctiveness may place the institution in economic trouble because it is usually expensive. It may take the form of image marketing, more specialized course offerings, an upgraded sports program, or additional scholarship programs (Tuckman & Arcady, 1985). However, according to Morgan and can increase educational quality and academic prestige. The problem is that it is difficult to make the institution distinctive because reputations change slowly in academics. A college may have to incur costly expenditures for several years before it attracts a larger or different student body (Tuckman & Arcady, 1985).

Having a clear sense of mission throughout the institution is vital for small, independent liberal-arts institutions. Research has shown that "resilient

colleges understand the basic premise on which the integrity of their institutions rest, and make their decisions accordingly" (Jean et al., 1984, p. 9). These decisions should be incorporated in the planning process.

#### The Role of the College President

The key person in the planning process is the college president. "Successful college planning is directly related to the quality of educational leadership the institution's chief executive officer is capable of providing" (Vaccaro, 1979, p. 34). Unless the president is fully committed to a plan's development and implementation, it will not be successful. The president should encourage both the faculty and staff to participate in planning and should continuously inform the trustees of the plan's progress (Vaccaro, 1979).

According to Green (1987), presidents frequently forego participation in the planning process. Often they delegate their responsibilities to a small group of staff administrators. Two reasons for presidential lack of involvement are that the institution may have underutilized a previous plan and so the president considers planning a waste of time, and that many presidents feel planning is unnecessary if the institution currently operates smoothly (Green, 1987).

Mims (1979) strongly believes that for planning to be effective it must have input from every level of the institution. The president should foster an attitude of cooperation, foster a genuine concern for the long-run viability of the institution, and demonstrate a willingness to provide information (Green, 1987). Keller (1983) advocates that without the top administrators' support, the chances for success in planning are small.

### Three Common Approaches to Planning

The literature defines and interprets planning in several ways. Some authors consider planning synonymous with long-range, comprehensive planning (Steiner, 1979), commonly describing a "strategic long-range planning process" (Cope, 1981, p. 15). Other authors believe that planning is incremental planning. Still others describe a more recent planning process called strategic planning (Keller, 1983; Kotler & Murphy, 1981).

#### Long-range planning

Long-range planning, popular in the 1950s with the advent of computers, strives to gather and analyze data to formulate goals (Jean et al., 1984). It emphasizes mathematical models to provide quantitative information for decision making. Schmidtlein (1974) refers to long-range planning as the comprehensive/ prescriptive

paradigm. It is a rational economic approach to managing.

Parekh (1977) says that most planning models begin with environmental assumptions because they set the context for goal setting. Nevertheless, he believes the process of developing environmental assumptions may be too time consuming and its uncertainties so great that planning dies before it begins.

Figure 2 highlights the components of long-range planning as described by Parekh (1977). It incorporates external factors but is based primarily on an analysis of internal factors.

Mission--Unique purpose
Goals--Mission in terms of quantitative goals
Activities--daily, weekly, monthly, annually
Budget--resource requirements
Evaluation--actual versus planned comparisons

Figure 2. Long-range planning model

Cope (1981) suggests that long-range planning focuses on a final master plan and consists of departmental plans that ignore institutional values, political circumstances, and environmental exigencies. For this reason, critics feel that wide gaps exist

between plan development and its practical implementation. Long-range planning is often too structured to provide timely, innovative guidance in the face of rapidly shifting environmental threats and opportunities, and multi-layered constituencies (e.g., students, alumni, faculty, local, state and national government, community) (Jean et al., 1984). This approach also tends to overlook egos, politics, and traditions (Keller, 1983).

Keller's (1983) description of long-range planning includes developing forecasts for the institution. Forecasting, however, has a poor record for accuracy because the variables often fluctuate. Mathematical models often are internally driven and disregard external factors. Yet, Keller has found that approximately three quarters of all change at most institutions is triggered by external factors, including directives from the state board of education and shifting economic conditions.

#### Incremental planning

Cohen and March (1974) describe colleges and universities as loosely coupled, open systems with multiple and poorly defined goals, and unclear links between means and ends. These characteristics encourage incremental, or political decision-making processes. Indeed, department heads, deans, vice-presidents, and

presidents tend to operate according to short-range incrementalism (Keller, 1983). This approach is based on the premise that people in higher education institutions usually act irrationally. Lindbloom (1959) coined the term "incrementalism" to emphasize the limitations in the rational, comprehensive method. The rational method or long-range planning approach "assumes intellectual capacities that man simply does not possess and is even more absurd as an approach to policy when the time and money is limited, as is always the case" (Lindbloom, 1959, p. 80). According to Keller (1983), "there exists in higher education the dogma that institutions of higher learning do better if they go unmanaged, muddling through incrementally..." (p. 143).

While long-range planning is rational-economic, incrementalism is partisan-political. Schmidtlein (1974) refers to this process as the incremental/remedial paradigm. Change occurs in a socio-political context, where the dynamics of decision-making cannot be controlled. This process strives for partisanship of individuals and interest groups through many small steps. It involves choosing values, goals, and methods simultaneously (Jean et al., 1984).

The success of incremental planning depends on the ability of the participants to bargain and accept



tradeoffs. However, in the current environment of declining enrollments and fiscal cutbacks, achieving tradeoffs in higher education is unlikely (Jean et al., 1984). Compromise is easier in times of abundant resources when there is something to gain and less to lose, and more difficult during times of scarcity. Therefore, Keller (1983) believes that incremental planning tends to be inappropriate in a period of drastic change and fierce competition.

According to Peterson (1980), the political or incremental approach emphasizes issues relevant to institutional interest groups, relies on negotiation to reach decisions, and favors marginal adaptation rather than major change. While this approach is consistent with the organization and administration of higher education institutions, as described by Cohen and March (1974), it lacks an overall sense of direction. As a result, implementation and evaluation of plans are difficult.

Schmidtlein (1974) has designed a chart comparing long-range or comprehensive/prescriptive planning to incremental/remedial planning. This chart presents several distinguishing characteristics of the approaches in their most extreme forms. He selected several environmental conditions and value orientation dilemmas

to highlight the differences between these two planning approaches.

ENVIRONMENTAL CONDITIONS

DECISION PROCESS PARADIGMS

	Comprehensive/Prescriptive	Incremental/Remedial
Rate of change	Rapid change intensifies the problem of prediction and thus creates a need to plan.	Rapid change makes analysis complex and unreliable and plans are rapidly outdated so decision-making must be remedial.
Competing priorities	Goals can be ranked and priorities established on the basis of the analysis that precedes policy changes.	Goals are obscure, cannot always be ranked and priorities are established on the basis of negotiation over expressed self interests.
Outputs	Goals and measureable outputs are essential to assess the accomplishment of objectives.	Means and ends are determined simultaneously through bargaining. Explicit goals and measureable outputs are not essential since decision-making is remedial and incremental.
Quantification	Preciseness of expression and the manipulation of data requires quantification of variables in order to develop effective models of reality that involve complex sets of relationships.	An unsophisticated emphasis on quantification can bias analysis by too great a concentration of attention on variables that more easily can be quantified.

Figure 3. Process orientations of the paradigms

Consensus	Specification of goals, measurement of goal achievement, and analysis of causal relationships will lead to understanding and consensus.	Conflict is fundamental and inevitable and goal clarification only exacerbates this conflict so attention is given to "due process" and "rules of reciprocity" as means for conflict management.
-----------	---	--

VALUE ORIENTATIONSDECISION PROCESS PARADIGMS

Change/Stability	Rapid adaptation to or control of events is necessary and possible.	Rapid change is costly and has unpredictable consequences.
Certainty/Risk	Risks are reduced through analysis that leads to improved predictive power.	Risks are reduced by incremental change and remedial actions based on the expression of self-interest.
Analysis/Bargaining	Crucial facts are discovered through analysis.	Crucial facts are discovered through bargaining that takes place in response to actions.
Clarity/Ambiguity	Clarity improves the quality of decision-making.	Ambiguity aids consensus and maintains bargaining positions.
Consistency/Diversity	Consistent goals and strategies are necessary to achieve given ends.	Diversity avoids compounding errors when goals and strategies are uncertain.

Figure 3 (Continued)  
 (Adapted from Schmittlein, 1974, pp. 6-8)

This chart indicates that incrementalism is an approach that is more short-run oriented, qualitative, and negotiable than the long-range planning approach.

Adherents to incrementalism believe that no one can predict the future, so forecasting and long-range planning is of little value. In addition, incrementalism is thought to be a more practical approach because it focuses on "what is" rather than predicting "what if" (Jean et al., 1984). Therefore, Quinn (1978) concludes that incremental planning is a "purposeful, effective, pro-active management technique for improving and integrating both the analytical and behavioral aspects of strategy formulation."

Opponents of incrementalism feel that this approach is not appropriate in the current external environment. Keller (1983) points out, incrementalism

does not suit a rapidly changing and demanding environment. . . . If education is to meet its many demanding tasks and missions, it will have to find new and more dynamic decision strategies (p. 114).

Amitai Etzioni noted higher education institutions need a strategy that is

less exacting than the rationalistic one, but not as constricting in its perspective as the incremental approach; not as utopian as rationalism, but not as conservative as incrementalism (Keller, 1983, p. 114).

### Strategic planning

Strategic planning attempts to establish a middle ground between incrementalism and long-range, comprehensive planning (Jean et al., 1984). Although strategic planning is long-term (the definition which changes with environmental changes), Ryans and Shanklin (1986) feel that the reverse is not necessarily true. They believe long-range planning can be very mechanical and nonstrategic.

Jean et al. (1984), describe strategic planning as similar to incremental planning in recognizing the sociopolitical and fiscal limits of organizational decision-making. Like incrementalism, they believe strategic planning places a premium on flexibility, practicability, and participation. However, it goes beyond incrementalism. It incorporates a rational or analytical component. Strategic planning emphasizes the institution's mission statement and specifies plans to promote the mission (Jean et al., 1984).

Numerous authors (Cope, 1981; Baldrige & Okimi, 1982; Meredith, Cope, & Lenning, 1987) have designed tables comparing strategic planning and conventional long-range planning (See Figure 4):

<u>Activity</u>	<u>Strategic Planning</u>	<u>Conventional Long-Range Planning</u>
Arena of planning	Organization's destiny market	Wide range of issues - routine and nonroutine
Who plans	Top level officers	Planning office
Time orientation	Medium/short-range	Long-range
System perspective	External/environment	Internal/organizational
Theoretical perspective	Open system	Closed system
Decision data	Qualitative & quantitative	Quantitative
Decision	Complex art form	Exact science
Outcome	Stream of critical decisions	Plan/blueprint

Figure 4. A comparison of orientations between conventional long-range planning and strategic planning (Baldrige & Okimi, 1982, p. 17)

This figure indicates that strategic planning is an integral part of management with the president playing a significant role, the focus is on the external environment, and it is highly qualitative.

Most applications of strategic planning are composed of the following characteristics:

1. The chief executive officer makes most of the vital decisions.
2. It seeks to define the institutional mission and its scope--as it is and as it should be.

3. The approach emphasizes the environment, seeks to match institutional capabilities with environmental conditions.
4. It prizes effectiveness more than efficiency.
5. It seeks to maximize possible synergistic effects.
6. The organization, as a whole, is evaluated.
7. It is tailored to the basic character of the organization, and its particular strengths and weaknesses (Cope, 1981, p. 6).

To design a strategic plan for a higher education institution, Shirley (1983) identifies six variables which can serve as a guide: (1) the institutional mission, (2) targeted student groups, (3) goals the institution must achieve to fulfill its mission and serve the needs of its students, (4) programs and services offered to attain those goals, (5) the geographic reach of the institution, and (6) comparative institutional advantage.

According to Shirley (1983) and Cope (1981), strategic planning takes place on at least three levels. On the first level, the institution matches its resources with the needs of the society. On the second level, separate departments determine strategies. On the third level, the institution develops overall strategies to create and deliver quality products or programs. In order to develop a strategic plan, administrators must evaluate the institution as a whole within its external environment.

The most important benefit for higher education decision makers is that it (strategic planning) forces them to undertake a more market oriented and systematic approach to long-range planning (Kotler & Murphy, 1981, p. 489).

In summary, strategic planning offers the analytical and systematic support found in comprehensive, long-range planning without overemphasizing formality and production of a final document. It moves beyond incrementalism in encouraging self-evaluation and analyses of environmental factors. Yet it borrows incremental planning's premise that plans should be based on constituent participation and consensus (Jean et al., 1984).

#### Strategic planning models

A number of authors have designed strategic planning models containing similar components (Farmer, 1983; Keller, 1983; Kotler & Murphy, 1981; Peck, 1983; Shirley, 1983; Tack, Rentz, & Russell, 1984). These authors describe strategic planning as hierarchial: its "goals and broad assumptions go from top down but the detailed plans come from the bottom up" (Kotler & Murphy, 1981, p. 472). Farmer (1983) agrees by stating that the purpose of planning should flow down from the board, president, and senior staff, but the method of planning should flow up from the faculty, staff, and students. Each institutional level should participate in the process.



George Keller (1983) designed a specific model for all academic institutions based on studying the external environment and relating it internally to the institution.

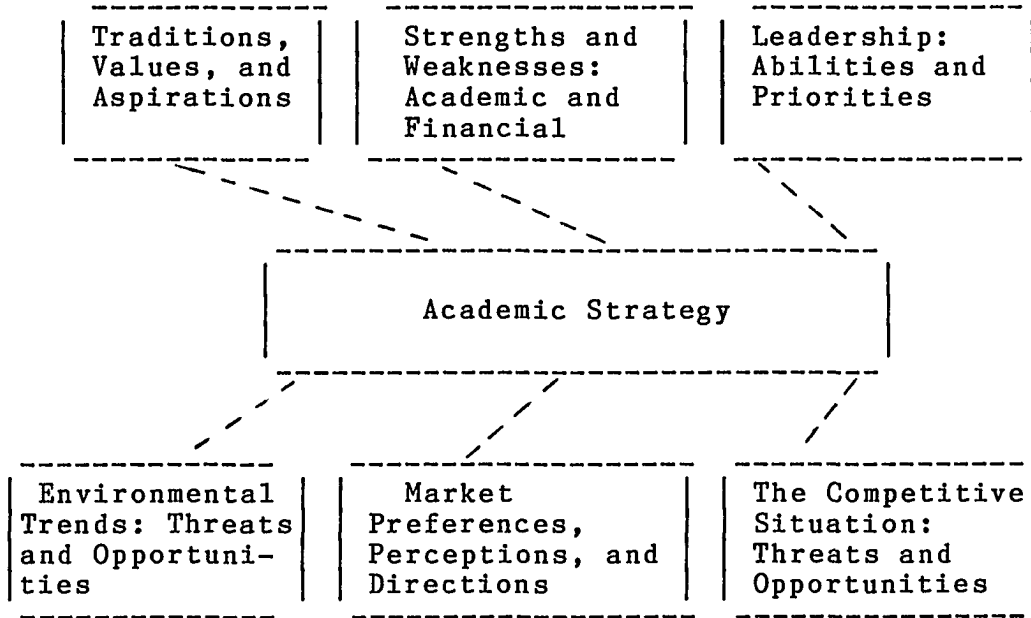


Figure 5. Academic strategy model (Keller, 1983, p. 152)

Shirley (1983) outlines a more specific model that identifies four levels of strategy in a college or university. Figure 6 provides an overview of these levels.

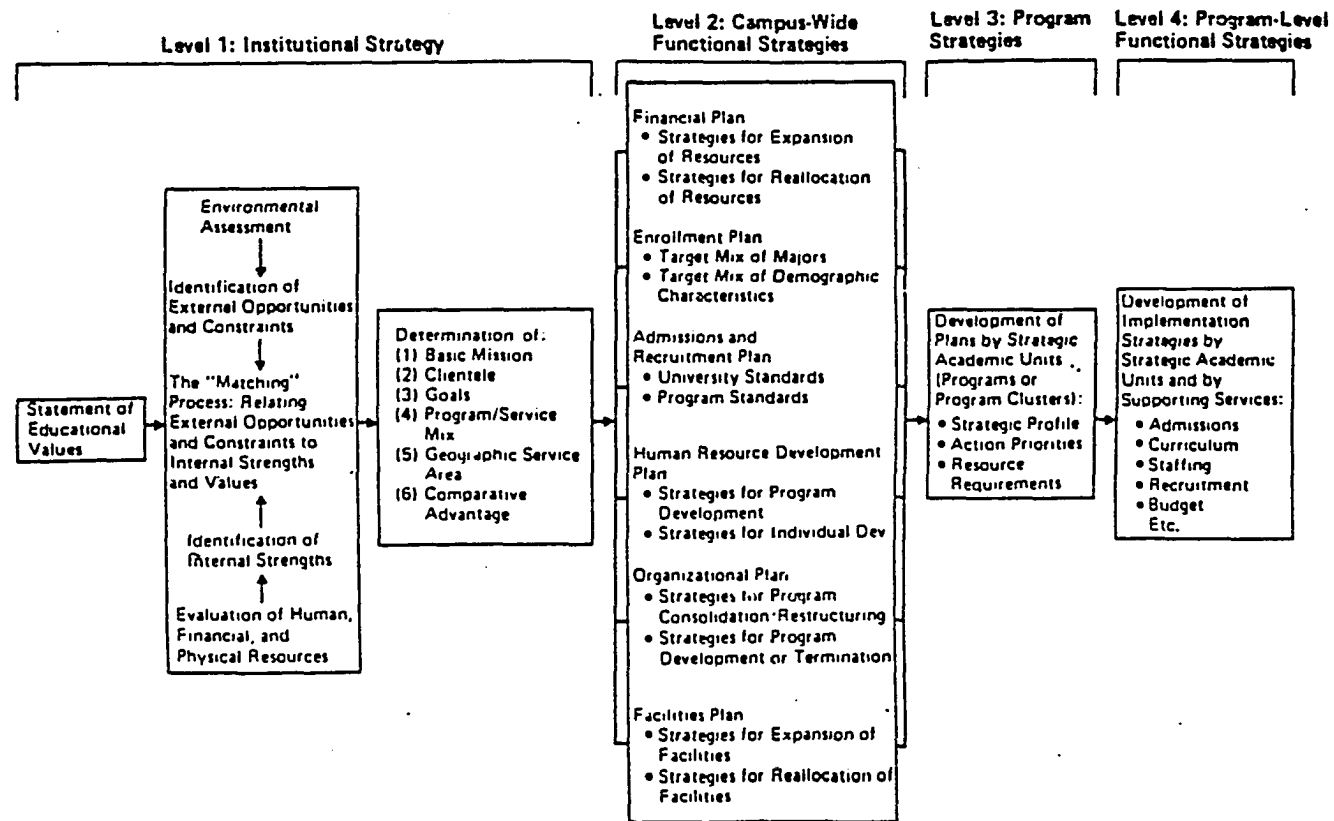


Figure 6. Levels of strategy in colleges and universities

Strategic planning also faces many limitations. This approach assumes conditions will change. Lindquist (1978) states that most change at higher education institutions occurs through external pressure and not through internal plans. The few existing studies on the subject conclude that institutions generally resist change. Resistance to planning often arises because it implies that dissatisfaction exists and changes are necessary. Some staff members argue that planning is impossible in a turbulent environment and that it is a waste of time. Others appear disinterested in planning because it provides little immediate payoff (Lindquist, 1978).

Currently, strategic planning is commonly implemented at most large corporations in this country (Steiner, 1979). Curiously though, "corporate board members who insist on planning for their own enterprises seem not to understand that planning is just as important for a college or university" (Ingram, 1980, p. 149). Trustees must be the first group to recognize the importance of planning. For effective planning, the board in conjunction with the president, must make it a major priority (Dorsey, 1980).

Colleges and universities are managed differently from corporations, largely because of their different

types of employees. Cohen and March (1974) view universities as organized anarchies, where each decision-maker is autonomous. Their democratic structure inhibits acceptance of priorities or directional change. Goals are rarely defined operationally. Doyle and Lynch Mecca (1979) feel that a strong tradition of equity dictates the same level of resources for all departments. Courses are based on what academics feel "should" be offered, rather than on demand. Tenure also adds to resource inflexibility.

Doyle and Lynch believe that for these reasons, strategic planning has been employed by only a few higher education institutions. While it may be difficult to implement in such institutions, certain benefits are derived from it. Strategic planning addresses long-term issues of institutional direction, enabling the institution to be in a competitive position. By focusing on the future, it allows change to take place gradually, an important consideration for university staff and administration. Strategic planning clarifies the institutional mission and objectives and it coordinates the different departments, giving them a common understanding of the university's purpose and direction.

### Reputation, Quality, and Selectivity

Several planning processes have been reviewed as input methods to consider when planning for the future. One major output variable is institutional viability. For the purposes of this study, institutional viability is defined in terms of three variables; reputation and quality of the institution, selectivity in admitting students, and the size of the endowment. This section will review each of these variables in depth.

Reputation and quality are difficult variables to study separately because they are interrelated. In fact, most research on institutional reputation and quality are studied simultaneously. Blackburn and Gerber (1974) argue that institutional quality is an image. "In an operational sense, quality is someone's subjective assessment, for there is no way of objectively measuring what is in essence an attribute of value" (p. 535).

Levine (1982), on the other hand, argues that

quality depends on achievement of the goals desired by a college relative to the student character, faculty ability, institutional resources, and school mission and traditions. To ignore these factors is to diminish excellence (p. 17).

According to Green (1987), quality "signifies the highest degree of excellence that it is possible to attain within the context of institutional mission and

purpose" (p. 300). He feels that a quality institution is one that attracts the best possible students.

While it is obvious that quality and reputation are important to all higher education institutions, these concepts are extremely important to small, independent institutions. According to McPherson (1981), independent institutions have been most threatened by the declining number of traditional students and rising costs. Their survival, he believes, depends on the kind of students they attract, the kind of educational programs they offer, and their capacity for change when circumstances change.

McPherson concludes that research universities and elite liberal-arts colleges will be in the strongest position in the next decade. Elite colleges were included in McPherson's forecast because they offer an education that the public sector has never wanted, nor been able to successfully provide. Another reason for the inclusion of those colleges was that they enjoy the luxury of excess applications from pools of wealthy applicants. McPherson says that, in contrast, vulnerable institutions accept most of their students from a smaller and lower quality pool of applicants.

Traditionally, educational quality has been determined by amount of institutional resources, level of

endowment and expenditures, availability of curricular offerings, intellectual accomplishments of faculty, entrance test scores, and selectivity in admissions (National Institute of Education, 1984). According to the National Institute of Education, these factors are inadequate because they measure only inputs to an education available at an institution. Traditional methods fails to measure the success of graduates. But, however inadequate the traditional methods may be, institutions still employ them merely because the underlying information is readily available.

A study by Astin and Henson (1977) indicated that the single best measure of an institution's reputation is selectivity, defined as

the average score of its entering freshmen on the College Entrance Examination Board's Scholastic Aptitude Test (SAT). This average is derived from the composite (verbal plus mathematical) SAT scores or, in the case of institutions that use the American College Test (ACT) from scores converted to SAT equivalents (Astin, 1985, p. 6).

Webster (1981) agrees it is more logical to rank institutions on the success of their graduates. He adds that virtually no one has measured the "value added" to a student's education. It simply is easier, he reasons, for researchers to measure quality by ranking institutions on their applicants' performance on the Scholastic Aptitude Test (SAT), the American College Test

(ACT), and the National Merit Scholarship Qualifying Test (NMSQT).

According to Astin (1985) and Tan (1986), using standardized tests for measuring quality has two advantages. The data are easily obtainable and the rankings reveal the academic ability of students. The major disadvantage to using the standardized tests is that these tests are based on the students' past abilities. They fail to consider anything the institution has done to further those abilities in measuring the quality of an institution.

Astin (1985) found that the highest quality institutions were also identified as the most prestigious, indicating a hierarchy of status. Most of the top layer of Astin's hierarchy consisted of major research universities and a few elite private colleges. The middle level of the hierarchy consisted mainly of lesser-known research universities and several liberal-arts colleges. Most of the hierarchy's lowest level consisted of community and junior colleges, several private colleges, and a few state colleges (Astin, 1985).

Astin's hierarchy of institutional status based on selectivity, revealed three significant characteristics: (1) Of the freshmen who entered top level institutions, nearly 50% came from families having annual incomes of



\$50,000 or more, and less than ten percent came from families having annual incomes of \$15,000 or less; (2) Of the freshmen who entered lower level institutions, the pattern was virtually reversed: less than ten percent came from families having annual incomes of \$50,000 or more, and 40% came from families having annual incomes of less than \$15,000; (3) The parents of freshmen who entered top level institutions were more highly educated than were parents of freshmen who entered lower level institutions (Astin, 1985).

Furthermore, Astin discovered that top level institutions expend more than three times the amount of money per student, pay faculty one and a half times more, and charge ten times more in tuition and fees than lower level institutions. He attributed these results to the concentration of private institutions in the top level, which tend to charge higher fees than public institutions. Astin concluded the results clearly reveal that the quality of an institution is closely related to the quality of its students and finances. In other words, the most prestigious institutions attract the best-prepared students from the most affluent and highly educated families.

Equally important, Astin found that reputations of undergraduate institutions tend to remain stable. In

1961, Astin's research discovered that 13 of the 25 most selective institutions were undergraduate institutions. In 1980, his research discovered that all but two of these institutions were still among the 18 highest-rated undergraduate colleges.

Astin also found that selectivity strongly correlates to all ratings on quality. His data showed that per student expenditures correlate .62 with undergraduate quality rankings, while selectivity correlates .65 with per student educational expenditures and .64 with per student endowment. These studies confirmed Astin and Solmon's (1981) conclusions that institutional size, prestige, selectivity, and per student financial expenditures are correlates of the quality of undergraduate programs. Their research also emphasizes that selectivity is a key indicator of institutional reputation and quality (Astin, 1985; McPherson, 1981; Astin & Solmon, 1981; and Tan, 1986).

#### Financial Management and Endowment

As previously stated, Astin (1985) concluded that the quality of an institution is closely related to the quality of its students and finances. This is significant because Jellema (1972) found that approximately 60-90% of an institution's income is generated from tuition, fees, room and board, and other

student charges. Traditional sources of income for higher education institutions besides tuition and fees, are endowment income, tax appropriations, gifts, and grants. Gifts are an increasingly important source of revenue to independent colleges because they can help to offset increases in tuition. The difficulty lies in the fact that donors generally prefer to give for a tangible asset, such as a building, rather than for current operations (Baldrige & Tierney, 1979).

The National Association of College and University Business Officers' figures for 1982 indicate that 51% of the revenues of all independent baccalaureate institutions are generated from tuition and fees, but that figure jumps to 60 to 70% at small, independent institutions (Tuckman & Arcady, 1985). This dependence on tuition could become a significant problem because the number of traditional college-age students is predicted to drastically decrease. Currently, independent institutions account for only 22% of total college enrollment. This proportion has steadily declined from 41% in 1960 and 50% in 1950 (Howe II, 1979).

Tuckman and Arcady (1985) also found that small colleges tend to have higher fixed costs per average student than larger institutions. These high fixed costs make small colleges vulnerable to enrollment declines

because small changes in enrollments cause major changes in tuition revenues. "When a college begins to lose enrollment, it begins to experience financial and management problems (O'Neill & Barnett, 1981, p. 40).

Besides tuition income, another vital ingredient for institutional viability is the size of the institution's endowment. The earning assets of a college are referred to as endowment funds. Jellema (1972) says that the size of the endowment varies between institutions, but at a minimum it should enable institutions to maintain tuition levels close to those charged at public institutions in order to compete for qualified students. The size of the endowment also is important to independent institutions because it allows them to be free from outside influences and protects their autonomy.

Chaffee (1984) conducted a study in which small independent colleges were compared by measuring variables indicating resiliency. The sample was divided into two subsets: 1) those colleges that were in a better financial position in 1982 than they had been before a period of rapid decline in total revenues (the more resilient group) and 2) colleges that were not in a better position (the less resilient group). The conclusions indicated that the more resilient group was "less dependent on tuition, had larger endowments, was

more likely to be selective in admissions and to be church affiliated, and was less likely to be located in rural areas than the less resilient group" (Chaffee, 1984, p. 225).

Tuckman and Arcady (1985) warn that in the absence of large endowments, small colleges have strong incentives to expand enrollments. These efforts may take the form of increased marketing, lower academic standards, or improved student retention. When large institutions experience serious enrollment declines, they usually respond by reducing services through hiring freezes, deferred maintenance, or reductions in operating or capital expenditures. These same options are available to small institutions but their size allows them less margin to offset losses by these options. Instead, they usually increase short-term debt, appeal to alumni for additional support, or increase tuition. But according to Bailey (1987), an institution with a substantial endowment has the ability to weather storms and react to changes in the external environment. Important groups to target for donations are alumni, special donors, corporations, and foundations.

#### Conclusion

The literature reviewed indicates that institutional leaders should engage in formal planning to address

future needs. The three common planning methods are: long-range planning, incremental planning, and strategic planning. Current research trends suggest the use of strategic planning. The small, independent liberal-arts college should have a well defined mission to help differentiate it from the competition and the planning approach should be driven by the institutional mission.

An institution with a reputation for providing a high quality education has more flexibility in the admission standards of the institution. Institutional selectivity in admitting students is said to be a key indicator of its reputation and quality. Therefore, these facts should be taken into consideration in the planning process. Independent colleges tend to have a unique educational philosophy which should be reflected in the institutional mission. But, the more unique and distinctive a college's mission, the smaller the potential market, and the more difficult it may be to recruit students. Again, the need for planning becomes imminent for these institutions.

McPherson (1981) feels that many institutions get caught in a vicious spiral--a small applicant pool keeps tuition increases down, affecting institutional quality, which in turn lowers the institution's applicant pool. For that reason, financial management is an important

component in the planning process. Sufficient financial resources can protect the independence of an institution and also give it a wide range of options for the future. Maintaining admissions levels is the key to tuition and fee income (Jellema, 1972). But endowment funds protect the institution from fluctuations in enrollments and allow the institution to provide a diverse and high quality education.

For this reason, continued research must assess the relationship between planning processes and institutional viability. Information pertaining to small, independent liberal-arts colleges is far too inadequate. Little is known about the processes that are implemented and the results of the different processes on the viability of the institution. Viability for the purposes of this study is measured by examining three key indicators: the institution's reputation and quality, its ability to maintain selectivity, and endowment size.

Planning is essential for independent higher education institutions if they are to remain viable in the future. The search for public, political and financial support for higher education will increasingly depend on an institution's ability to demonstrate its efficiency, its intelligent and realistic plans, and its sufficient resources (Bailey, 1983).

The institutions that are likely to succeed in the next decade are those which have both the strength and the nerve to maintain their quality and charge the needed prices and have the good luck to get away with it (McPherson, 1981, p. 21).



## CHAPTER III. METHODOLOGY

## Introduction

Planning processes in small, independent liberal-arts institutions were examined to determine if there are relationships between planning processes and quality, selectivity, and endowment. The role of the president was explored to determine if the amount of presidential participation is related to a particular planning process or to the institution's viability.

In addition, a subset of institutions rated as outstanding were compared with institutions that were not rated to determine if differences exist between the planning processes and institutional viability in these two groups of institutions. Planning processes were also assessed to provide a description of the types of planning taking place in small, independent institutions. Planning factors were analyzed to determine if differences exist between the levels of the planning process variable in terms of the presidents' perceptions of the factors.

This chapter reviews the study's methodology; including the following: subjects, instrumentation, common procedures, data analysis.

### Subjects

One hundred and thirty-three presidents of small, independent liberal-arts institutions provided the data for this study. The institutions surveyed were nonprofit, independent baccalaureate degree-granting colleges of liberal arts and sciences in the United States that have: 1) an undergraduate enrollment of no more than 2,000 full-time students, 2) operated for at least three years, 3) received full accreditation in the liberal-arts category by its regional accrediting association (adapted from the criteria for membership eligibility in the Council of Independent Colleges, CIC, Washington, D. C., 1986). The sample included urban as well as rural colleges, church-related as well as independent colleges, and coed as well as single-sex colleges.

Statistical analysis of the subjects revealed that 16% of the presidents in the sample were female and 84% were male. One hundred and one (75.9%) of the presidents were between the ages of 45 and 59, and the Ph.D. was the highest degree earned by 74.8% of the presidents. The three major areas of study for the presidents were higher education/education (20.2%), philosophy/religion (17.8%), and history (16.3%), in that order. The average length of time as president at the current institution was

approximately seven years and only 20.6% of the respondents indicated that they had held the position of president previously. For additional information about general characteristics of the respondents, see Tables 1, 2, 3, and 4.

Table 1. Age of respondents

Age	N	Adjusted Percent
40-44	8	6.2
45-49	28	21.7
50-54	40	31.0
55-59	33	25.6
60-64	16	12.4
65-70	4	3.1
No answer	4	**
TOTAL	133	100.0

Mean = 53.016  
Standard Deviation = 5.824

Table 2. Highest degree earned by presidents

Degree	N	Adjusted Percent
Ph.D.	98	74.8
D.B.A.	1	.8
ED.D.	10	7.6
J.D.	4	3.1
M.D.	1	.8
Masters	13	9.9
B.A.	4	3.1
No answer	2	**
TOTAL	133	100.0

Table 3. Major area of study for presidents

Major	N	Adjusted Percent
Higher Education/Education	26	20.2
Business	12	9.3
Philosophy/Religion	23	17.8
English	17	13.2
History	21	16.3
Chemistry/Science	7	5.4
Psychology	6	4.7
Other	17	13.1
No Answer	4	**
TOTAL	133	100.0

Table 4. Length of time as president

Years	N	Adjusted Percent
0-4	54	41.2
5-9	39	29.8
10-14	24	18.3
15-19	12	9.1
20-24	1	.8
25-29	1	.8
No answer	2	**
TOTAL	133	100.00

Mean = 6.901  
Standard Deviation 5.177

Presidents of institutions utilizing a formalized planning process were asked to break down their sources

of funds into percentages. See Table 5 for the average percent of revenues by sources. As can be seen, on the average about three-fifths of the total revenue is derived from tuition. The average educational and general cost per full-time equivalent student was \$9,701.

Table 5. Average sources of revenues per institution

Variable	Adjusted Percent
Tuition	62.13
Government	5.97
Endowment	9.07
Gifts	11.67
Other	10.58
TOTAL	99.42

#### Instrumentation

The planning process practiced in small, independent liberal-arts institutions was studied in relation to institutional viability. The writings of George Keller (1983), Frank Schmidtlein (1986), and Jean, Posey and Smith (1984) provided the basis for the survey. These authors identified three primary planning approaches in higher education institutions: long-range planning, incremental planning, and strategic planning. The questionnaire is shown in Appendix A.

Questions 10 to 35 of the questionnaire identify key elements from each of the three approaches in order to classify the institutional planning process. These questions constitute five sections on the questionnaire (Refer to Sections B-F of the Questionnaire in Appendix A). One section was entitled planning areas in which respondents were asked to evaluate the areas considered in the planning process. Another section was labeled planning components in which respondents were asked to indicate which components are included in their institutional plan. Planning factors was the third section which required the respondents to think about their time for analysis, their use of knowledge, and their availability of resources in relationship to the planning process at their institution. Another section covered four aspects of planning and how these aspects may influence the implementation of the planning process. The last section used for the classification of the institution's planning process included three different perspectives of planning. For each item in each section, the respondents had an opportunity to classify their view of the item by indicating which one of the three provided statements best reflects their opinion. Each statement represented one of the three planning processes

emphasized in this study: long-range, incremental, and strategic planning.

Extent of presidential participation is reflected in question two of the questionnaire. Questions three to nine were included to aid in describing how planning is organized. Strategic planning was assessed in detail in questions 36 to 69. Questions 70 and 71 requested that the respondents break down their sources of revenues and report the cost per full-time student. In questions 72 to 77, the presidents were asked to record the institution's size of the endowment, reputation and quality, and ability to maintain selectivity currently and as of five years ago. Questions regarding presidential characteristics were included in order to describe the sample (questions 78 to 83). The questionnaire included open-ended questions in which respondents described their perceptions of their future planning practices.

In cases in which the institution reported that a formal planning process did not exist, the participants were asked to complete Section J. In this section, an attempt was made to assess why no planning process exists and if changes in institutional planning are predicted for the future.

Borg and Gall (1983) emphasize that a questionnaire survey must generate sufficient responses in order to draw accurate conclusions about the general population. The study utilized three of the techniques that Dillman (1978) showed to substantially increase the response rate:

1. The survey, an attractively packaged booklet, included a color-coded cover page based on selectivity (blue=very high, red=high, white=medium, and yellow=low).
2. The questionnaire was composed of uncomplicated multiple-choice responses.
3. Demographic questions were placed at the end of the survey.

Three characteristics of some or all of the institutions were not measured on the survey, but were included in the study: rated selectivity, rated endowment, and rating as outstanding. Rated selectivity was measured by using The American Freshman: National Norms for Fall 1986 (American Council on Education, 1986). In this document, institutions are rated in selectivity as very high, high, medium, and low. This national study determines selectivity as an estimate of the mean score of entering freshmen on the Verbal plus the Mathematical portions of the Scholastic Aptitude



Test. The method of estimation is described in detail in the study by Astin and Henson (1977).

Rated endowment was measured by using the 1980 and 1985 national studies of college and university endowment performance published by the National Association of College and University Business Officers (NACUBO, 1980; 1985). These studies code investment pools by size based on voluntary participation of institutions. This current study utilized the same investment pool sizes for purposes of analytical comparisons. The two rated endowment figures were recoded to a 1-4 scale to be compatible with the scales used for the perceived endowment questions.

Finally, in order to identify outstanding institutions, a nationwide survey was used in which college presidents identified thirteen institutions as outstanding liberal-arts colleges (U.S. News and World Report, 1985). Ten institutions in this group have enrollments of 2,000 or less full-time students.

## Procedures

### Instrument development

The questionnaire was developed after the literature on planning in higher education institutions was reviewed. Borg and Gall (1983) suggest a panel of experts review and critique the survey before mailing.

Six specialists or administrators in higher education reviewed the survey: Dr. Richard Anderson, Professor of Education, Columbia Teachers College; Dr. Martha Church, President of Hood College; Dr. Robert Cope, Professor of Higher Education, University of Washington; Dr. James Morrison, Professor of Education, University of North Carolina; Dr. Robert Shirley, President of University of Southern Colorado; and Dr. Kenneth Weller, President of Central College. The experts suggested the piloted questionnaire undergo certain revisions and these were adopted. Refer to Appendix B for a copy of the letter mailed to the panel of experts.

#### Sample selection

The institutions surveyed were selected from a list of 507 independent, liberal-arts colleges with full-time student enrollments of 2,000 or less, provided by the National Institute of Independent Colleges and Universities, Washington, D. C. The sample was stratified based on the institutions' selectivity in admitting students (Astin, Green, Korn, & Schalit, 1986).

Twenty-two institutions were rated very high, 64 were rated high, and 64 were rated medium. Because there were numerous low-rated institutions (141), a computer using random numbers selected 71 institutions to provide a sample size similar to the other strata. The

distribution of respondents in terms of the selectivity of the institutions they represent is shown in Table 6.

Table 6. Distribution of respondents based on selectivity of the institution

Level of Selectivity	Number Mailed	Number Returned	Percent
Very high	22	11	50.0
High	64	37	57.8
Medium	64	45	70.3
Low	<u>71</u>	<u>40</u>	56.3
TOTAL	221	133	

#### Administration of the survey

The president of each sample institution was mailed a cover letter and questionnaire requesting participation in this study. Each questionnaire was coded in order to assure anonymity and in order to identify the responding institutions.

The study followed the Dillman (1978) procedures to increase the response rate to mailed surveys:

1. Each subject received a cover letter detailing the study and assuring anonymity of any administrator and institution. The researcher enclosed a letter from President Kenneth Weller of Central College in Pella, Iowa encouraging

cooperation in the study. President Weller was selected because he is a respected peer.

2. To encourage responses, first-class postage was prepaid. The subject only needed to answer the questions, seal the booklet, and put it in the mail.
3. After three weeks, postcards were mailed as reminders to nonrespondents.
4. After five weeks, a letter was mailed with another questionnaire booklet to nonrespondents. (Refer to Appendix C for letters to subjects).

To form a subset of 13 outstanding institutions, questionnaires were mailed to the presidents of all the thirteen institutions which have been rated as outstanding (U. S. News and World Report, 1985), even though only ten of them have enrollments less than 2,000 full-time students.

The Iowa State University Committee on the Use of Human Subjects in Research concluded that this study adequately protected the rights and welfare of the human subjects, that its potential benefits outweighed its risks, that it assured confidentiality, and that it obtained modified informed consent.

## Data Analysis

A composite score for institutional viability was calculated for each institution by summing scores on items assessing perceived reputation and quality, perceived selectivity, and perceived endowment on a four point scale. Perceived reputation and quality five years ago and perceived current reputation and quality (questions 74 and 75) and perceived selectivity five years ago and perceived current selectivity (questions 76 and 77) were originally rated on a five point scale as shown below.

- 1 Excellent
- 2 Very Good
- 3 Good
- 4 Fair
- 5 Poor

The results indicated that only two presidents stated that the reputation and quality of the institution was poor five years ago and no institution reported its current reputation and quality as poor (5). Nine presidents reported that the selectivity of the institutions five years ago was poor and only one president stated that its current selectivity was poor (5). Thus, two institutions' reputation and quality five years ago score and nine institutions' selectivity five years ago score were recoded from 5 to 4. One

institution's current selectivity score was also recoded from 5 to 4.

Perceived current endowment size (question 73) was on a six point scale as shown below.

- 1 Over \$200 million
- 2 \$101-200 million
- 3 \$51-100 million
- 4 \$26-50 million
- 5 \$10-25 million
- 6 Under \$10 million

Since only six presidents reported that the current endowment of the institution was in categories one and two, the values in the top two categories were recoded to a 1 and the entire scale from 3-6 was recoded from 1-4. Perceived endowment size five years ago (question 72) was also measured on a six point scale as shown below.

- 1 Over \$100 million
- 2 \$51-100 million
- 3 \$26-50 million
- 4 \$11-25 million
- 5 \$5-25 million
- 6 Under \$5 million

Since only five presidents reported that the institution's endowment size five years ago was in categories one and two, the same process that was used to recode the perceived current endowment was used to recode question 72 to a four point scale. For the purposes of this study, it was assumed that these classifications of endowment could be interpreted similarly to the scales used for rating reputation and quality and selectivity

(i.e., greater than \$51 million is excellent and under \$10 million is fair).

Therefore, a composite score for institutional viability was calculated for each institution by combining the variables perceived current reputation and quality, perceived current selectivity, and perceived current endowment. Institutions with sums of 3-6 were considered high on institutional viability, institutions with sums of 7-9 were considered medium on institutional viability, and institutions with sums of 10-12 were considered low on institutional viability.

#### Classification of Institutional Planning Process

The planning process at each institution was assessed by analyzing the responses to 26 questions on the questionnaire (Refer to Sections B-F of the questionnaire in Appendix A). The objective of these questions was to classify the process as either long-range planning, incremental planning, or strategic planning. These titles were omitted intentionally so not to bias the respondent. The presidents were instructed to indicate the statement with which they agreed as each statement represented a particular planning process.

It was necessary to devise a method of classifying each institution as implementing either long-range, incremental, strategic planning or some "other form of

planning." For each institution, the percent of responses which fell into each of these categories was calculated. It was assumed that in order to be classified as carrying out a particular planning process, at least 50% of the president's responses should be of the same type. Table 7 illustrates the number of institutions which fell into each of the three categories when 50%, 55%, and 60% of the items in the same planning category were taken in turn as the criterion. Percents such as this were compiled for these questions taken as a whole as in Table 7 and by sections separately as illustrated in Table 8.

In classifying the planning processes of the institutions, the original intent was to use the most conservative criterion. The conservative criterion of

Table 7. Number of institutions classified as a planning process based on the percentage of responses to questions 10-25

Percentage	Long-range	Incremental	Strategic	Other	TOTAL
>60%	0	19	45	43	107 <sup>a</sup>
>55%	0	22	53	32	107
>50%	0	27	60	20	107

<sup>a</sup>26 presidents reported that a formal planning process did not exist.



60% was selected in analyzing the questions as a whole and each section separately. It was noted that the general pattern of classifications remained the same whether total responses or responses to sections were examined (i.e., most institutions were classified as strategic, and virtually no institutions were classified as long-range). Furthermore, this pattern was observed even when 50% was the criterion, and at this level it was possible to classify more institutions. Thus, it was decided to use 50% as the criterion for classification as this criterion took into consideration more institutions. Any institution which did not meet the 50% criterion was classified as implementing "other types of formal planning." Since this was not a very strict criterion, it is possible that some institutions which should have been classified as "other types of formal planning" may have been misclassified as implementing a particular planning approach.

Table 8. Number of institutions classified into planning processes based on sixty percent of the responses to questionnaire Sections B, C, D, E, and F

	Long-range	Incremental	Strategic	Other	Total <sup>a</sup>
Planning Areas	3	45	58	1	107

<sup>a</sup>26 presidents reported that a formal planning process did not exist.

Table 8. (Continued)

---

Planning Components	1	29	32	45	107
Planning Factors	38	6	53	10	107
Planning Aspects	5	39	52	11	107
Planning Perspectives	4	3	93	7	107

---

#### Description of Planning Processes

The SPSSX frequencies subprogram was used for purposes of describing the planning processes currently being implemented in small, independent liberal-arts institutions.

#### Hypotheses Testing

After institutional viability and the type of planning process was determined, the Pearson product-moment correlation coefficient was used to assess relationships among the president's perception of reputation and quality, selectivity, and endowment. This statistical test was also used to assess the relationship between the president's participation in the planning process and the viability of the institutions.

A t-test was intended to be used to calculate differences between colleges that were rated as

outstanding and those that were not rated. This was not possible because of the small number of respondents from the outstanding institutions. A cross-tabulations procedure was used instead to describe the planning processes of these two subsets of institutions.

Analysis of variance was used to test for differences in institutional viability as a function of the institution's planning process. The subgroup characteristics (reputation and quality, selectivity, and endowment) were the independent variables and the planning process was the dependent variable. This test was also used to evaluate whether presidents of institutions with different planning processes had different views concerning the importance of 32 planning factors. Hinkle, Wiersma, and Jurs (1979) noted that the analysis of variance tests "whether the group effect, as evidenced by differences among the group means, is greater than can be expected due to random sampling fluctuation" (p. 249-250). When a significant F-ratio results from the analysis, the researcher can conclude only that at least one pair or a combination of population means is different. Post hoc multiple comparison tests must be used to ascertain specifically which groups are different from others. In this study, the Duncan Multiple Range post hoc test was used.

## CHAPTER IV. RESULTS

## Introduction

One purpose of this study was to assess the type of planning being implemented in small, independent liberal-arts institutions. This research also examined the planning processes in these institutions to determine if there are relationships between planning processes and institutional viability, defined as a combination of reputation and quality, selectivity, and endowment. The role of the college president was explored to investigate if the amount of presidential participation is related to type of planning process or to the viability of the institution. A subset of institutions rated as outstanding was compared with institutions that were not rated to determine if differences exist between the planning processes and institutional viability in these two groups of institutions.

Chapter IV presents the results of the statistical analysis of the data collected via a mailed survey as described in Chapter III. A copy of the survey instrument is available in Appendix A.

The results are organized according to a description of institutional planning as reported by the responding institutions and the testing of the hypotheses.

### Description of Institutional Planning

One purpose of this study was to determine the type of planning being implemented in small, independent liberal-arts institutions. This study found that 107 (80.5%) presidents out of the 133 responding presidents stated that they did engage in a formalized planning process.

For description purposes, the presidents were asked to state the structure of the group which had the responsibility for planning during the last five years. The most common planning group consisted of a committee of administration and faculty. The least common response to this question was a committee of administration, faculty, board members, students and alumni. The planning group responses are summarized in Table 9.

The presidents were asked to rate the amount of time that they personally spend on the process. Approximately 90% of the responding presidents spend either some time or a great amount of time on the planning process. Table 10 shows the distribution of the presidents' ratings of the average amount of time the president personally spends on the process in institutions that have a formalized planning process.

Table 9. Group responsible for planning

Group	N <sup>a</sup>	Adjusted Percentage
Committee of Administration only	7	6.6
Committee of Administration and Faculty	25	23.6
Committee of Administration, Faculty, and Board Members	15	14.2
Committee of Administration, Faculty, and Students	14	13.2
Committee of Administration, Faculty, Board, Students, and Alumni	5	4.7
No Answer	1	***
*Not Applicable	26	****
TOTAL	133	100.00

<sup>a</sup>26 presidents reported that a formalized planning process did not exist

Table 10. Presidential time on the planning process

Time	N <sup>a</sup>	Adjusted Percentage
Very little	0	0.0
Little	2	1.9
Some	54	51.4
Great	41	39.1
Very Great	8	7.6
No Answer	2	***
Not Applicable	26	***
TOTAL	133	100.0

<sup>a</sup>26 presidents reported that a formalized planning process did not exist.

A written plan is the outcome of the planning process for 94 out of 107 institutions (87.9%). These institutions indicated that they have a written plan that is derived from the institutional mission statement and 62 out of 107 responding institutions (57.9%) update this plan yearly. In terms of how planning is organized, a majority (89.7%) of the responding presidents stated that planning is organized divisionally. Ninety-five out of 107 presidents (88.8%) reported that their planning process has only been utilized for only ten years or less, supporting the indication in the literature that planning is becoming essential and more common in higher education institutions. Presidents in 78% of the institutions with a formalized planning process do not anticipate changing the way they plan for the future, while 92% of the presidents in institutions that do not have a formalized planning process do predict a change in the future.

Presidents were given a list of ten planning components and asked to state whether these components are included in their institutional plan.

Table 11 shows the various planning components included in institutional plans as reported by the responding presidents.

Table 11. Planning components included in an institutional plan

---

Component	N <sup>a</sup>	Percent
Enrollment plan	105	98.3
Facilities plan	101	94.4
Financing plan	100	93.5
Fund-raising plan	99	92.5
Pricing plan	72	67.3
Academic policies on curriculum	70	65.4
Admission standards	71	66.4
Compensation policies	77	72.0
Operating and capital budgets	96	89.7
Organizational structure/ Governance	66	61.7

---

<sup>a</sup>26 presidents reported that a formalized planning process did not exist.

This table indicates that the five most heavily emphasized components of an institutional plan for small, independent liberal-arts colleges are the enrollment plan, facilities plan, financing plan, fund-raising plan, and the operating and capital budgets plan. It may be noted that organizational structure/governance was the least planning component included in an institutional plan, although approximately 62% of the presidents do include this component in the institutional plan.



### Hypotheses testing

A second purpose of this study was to test five hypotheses as stated below.

Hypothesis One: Reputation and quality, selectivity, and endowment are viability variables which are highly correlated.

The Pearson correlation statistic was used to analyze the relationships among perceived reputation and quality (current and five years ago), perceived selectivity (current and five years ago), rated selectivity, perceived endowment (current and five years ago), rated endowment, presidential participation, and institutional viability. Since presidential participation was rated on a scale where 1 = very little time and 5 = very great amount of time, this variable was recoded so that the scale would be compatible with the scale used for the viability variables. The results showed that the variables combined to indicate institutional viability were statistically significantly correlated with each other at  $p \leq .05$  and  $p \leq .01$  levels (perceived reputation and quality with perceived selectivity:  $r = .27$ ; perceived reputation and quality with perceived current endowment:  $r = .32$ ; perceived selectivity with perceived current endowment:  $r = .57$ ). The Pearson correlation test was also used to determine

if either the perceived endowment of five years ago or the perceived current endowment was correlated with their respective rated endowments found in two NACUBO studies. This analysis indicated that the rated endowment figure five years ago is highly positively and significantly correlated ( $r = .88$ ) with perceived endowment five years ago, as is current rated endowment with perceived current endowment ( $r = .88$ ). These figures may be spuriously high since rated endowment figures were available on only a small number of institutions. The results of all of the correlation analyses are shown in Table 12.

Hypothesis Two: Differences exist in institutional viability: reputation and quality, selectivity, and endowment (in combination and separately) as a function of the three common planning approaches used in higher education institutions: long-range planning, incremental planning, and strategic planning. No significant differences on the one-way analysis were found. Results of the analysis of variance are shown in Tables 13 through 17. The means and standard deviations of various measures of institutional viability by planning process are shown in Table 13.

Table 12. Correlations among indicators of institutional viability as reported by college presidents or rated by American Council on Education or NACUBO

	Perceived Endowment Five Years Ago	Rated Endowment Five Years Ago	Perceived Current Endowment	Rated Current Endowment	Perceived Current Reputa- tion Quality Five Years Ago
Perceived Endowment Five years ago	1				
Rated Endowment Five years ago	.8795** 14	1			
Perceived Current Endowment	.9044** 105	.8795** 14	1		
Rated Current Endowment	.8628** 29	.8226** 11	.8816** 29	1	
Perceived Reputation and Quality Five years ago	.3275** 105	.5292 14	.2694** 105	.5473** 29	1
Perceived Current Reputation and Quality	.3216** 105	.5394* 14	.3201** 105	.482** 29	.5481** 107
Perceived Selectivity Five years ago	.4305** 103	.7102** 14	.3687** 103	.4945** 29	.7035** 105
Perceived Current Selectivity	.5577** 103	.7064** 14	.5729** 103	.5962** 29	.3443 105
Rated Current Selectivity	.5112** 105	.5977* 14	.543** 105	.4723* 29	.2784** 107
Presidential Participation	-.0889 103	.0000 13	.0236 103	-.1713 28	-.0072 105
Institutional Viability	.7403** 105	.7973** 14	.7889** 105	.7882** 29	.442** 107

\*  $p \leq .05$ .

\*\*  $p \leq .01$ .

Two tailed significance.

---

Perceived Current Reputation and Quality	Perceived Selectivity Five Years Ago	Perceived Current Selectivity	Rated Current Selectivity	Presidential Participa- tion	Institu- tional Viability
---	--	-------------------------------------	---------------------------------	---------------------------------	---------------------------------

---

1

.4583** 103	1				
.6448** 105	.5252** 105	1			
.273** 107	.3684** 105	.3653** 105	1		
.1326 105	-.1819 103	.0649 103	-.1492 105	1	
.7382** 107	.5478** 105	.8848** 105	.4341** 107	.0960 105	1

---

Table 13. Means and standard deviations of viability and various measures of institutional viability by planning process

	<u>Planning Process</u>					
	Incremental N = 27		Strategic N = 60		Other N = 20	
	MEAN	S.D.	MEAN	S.D.	MEAN	S.D.
Viability <sup>a</sup>	7.78	2.39	7.53	2.17	7.15	2.62
Perceived Reputation and Quality <sup>b</sup>	2.00	.62	1.95	.70	1.95	.83
Perceived Selectivity <sup>b</sup>	2.69	1.01	2.59	.97	2.40	1.09
Perceived Endowment <sup>b</sup>	3.31	1.011	3.09	1.02	2.85	1.14

<sup>a</sup>Measured on a scale of 3-12.

<sup>b</sup>Measured on a scale of 1-4.

Table 14. Analysis of variance of institutional viability by planning process

Sources of Variation	df	SS	MS	F Ratio
Between Groups	2	4.5416	2.2708	.4231
Within Groups	104	558.1500	5.3668	

Table 15. Analysis of variance of current perceived reputation and quality by planning process

Sources of Variation	df	SS	MS	F Ratio
Between Groups	2	.0505	.0252	.0507
Within Groups	104	51.8000	.4981	

Table 16. Analysis of variance of current perceived institutional selectivity by planning process

Sources of Variation	df	SS	MS	F Ratio
Between Groups	2	1.3885	.6943	.6921
Within Groups	102	102.3257	1.0032	

Table 17. Analysis of variance of current perceived endowment by planning process

Sources of Variation	df	SS	MS	F Ratio
Between Groups	2	2.3829	1.1914	1.0982
Within Groups	102	110.6647	1.0849	

Hypothesis Three: There is a negative relationship between the president's participation in the planning process and institutional viability. To test this hypothesis, presidential participation (question two) was related to institutional viability using the statistical test Pearson correlation. This analysis yielded a

correlation of .10 ( $p = .330$ ). The analysis failed to support the hypothesis that there is a negative relationship between the president's participation in the planning process and institutional viability.

Hypothesis Four: Differences exist between the planning processes used at institutions that were identified as outstanding and institutions that were not so identified. Statistical analysis of this hypothesis was not possible because of the small number of respondents (5/13) in the outstanding subset. Instead, the planning processes of these two subsets were examined by using the cross-tabulations procedure as indicated in Table 18. This table indicates that there was an even distribution of outstanding institutions across the levels of the planning variable. No institution was classified as using long-range planning and this finding was consistent with the institutions that were not identified.

Table 18. Planning process by institutional rating as outstanding

	Incremental	Strategic	Other	Total
Outstanding Institutions	2	2	1	5
Nonoutstanding Institutions	25	58	19	102
TOTAL	27	60	20	107

Hypothesis Five: Differences exist between the levels of the planning process variable in terms of the president's perceptions of planning factors. These factors were organized into three categories: factors considered in development or revision of the mission statement, environmental factors considered in the development of an institutional plan, and resources considered in the development of the plan. For each of these factors in each category, presidents were asked to indicate the number of the statement which most closely reflects what they believe to be the consideration given to the factor during the planning process as shown below.

- 5 Considered and very important
- 4 Considered and important
- 3 Considered and somewhat important
- 2 Considered, but of little or no importance
- 1 Not considered
- 0 Do not know whether or not the factor was considered

To test hypothesis five, each planning factor in each of the three categories was analyzed for variance across three planning processes. No significant differences in the analysis of variance were found for the following factors considered in the development or revision of the mission statement: desire to develop new and different programs, student program interests, building a specialty not shared by competing institutions, articulating



institutional goals, offering comprehensive programs, and reaching new student populations. A significant difference was observed on three planning factors: previous mission statement, building on skills and background of the faculty and conveying an institutional image. Table 19 shows the means and standard deviations for the importance of each factor considered in the development or revision of the mission statement.

Table 19. Means and standard deviations of importance of factors considered in the development or revision of the mission statement by planning process

Factor <sup>a</sup>	Statistic	Planning Process			F Ratio <sup>b</sup>
		Incremental	Strategic	Other	
Previous mission statement					3.0896*
	M	4.00	4.39	4.60	
	SD	1.00	.85	.68	
	N	27	59	20	
Faculty skills and background					3.8631*
	M	3.115	3.58	4.0	
	SD	1.071	1.15	.86	
	N	26	57	20	
New and different programs					.6753
	M	3.04	2.98	3.30	
	SD	1.224	1.02	.92	
	N	27	58	20	
Student program interests					.2559
	M	3.52	3.40	3.30	
	SD	1.01	1.08	.98	
	N	25	58	20	

<sup>a</sup>5 = Considered and very important, 1 = not considered.

<sup>b</sup>df between groups = 2; df within groups ranged from 100-103.

\*p ≤ .05.

Table 19. (Continued)

Factor	Statistic	Planning Process			F Ratio
		Incremental	Strategic	Other	
Building specialty	M	3.04	3.14	2.90	.2752
	SD	1.27	1.30	1.07	
	N	25	58	20	
Articulating goals	M	4.41	4.54	4.35	.4908
	SD	.80	.77	1.09	
	N	27	59	20	
Offering comprehensive program	M	3.56	3.47	3.56	.0649
	SD	.93	1.17	1.34	
	N	27	55	18	
Reaching new students	M	3.19	3.19	3.00	.1865
	SD	1.21	1.26	1.21	
	N	27	58	20	
Institutional image	M	4.48	4.36	4.8	2.7282*
	SD	.64	.83	.41	
	N	27	58	20	

The Duncan Multiple Range Test was performed as a post hoc analysis to discover which group differences were statistically significant. This test indicated that the presidents' perceptions in institutions classified as implementing incremental planning and "other types of formal planning" were different in the importance of considering the previous mission statement and the skills and background of the faculty in the development or

revision of the mission statement. In each case, the mean of the incremental planning group was lower than that of the group using "other forms of planning." Presidents' perceptions in institutions classified as performing strategic planning differed from those at institutions carrying out "other types of planning" when assessing the importance of considering conveying an institutional image. The strategic planning group on the average rated this factor as less important.

No significant differences from the analysis of variance were found for the following environmental variables considered in the development of an institutional plan: numbers of non traditional students, economic trends, government financial policies, government educational policies, student demand for certain majors, availability of faculty to teach in specific fields, changes in technology, general goals of higher education, future employment prospects, and regional corporation needs. A significant difference was observed on two environmental planning variables: numbers of traditional age students and the decline/growth of competitive institutions. Table 20 shows the means and standard deviations for the importance of each environmental factor considered in the development of an institutional plan.

Table 20. Means and standard deviations of the importance of each environmental factor considered in the development of an institutional plan by planning process

Factor <sup>a</sup>	Statistic	Planning Process			F Ratio <sup>b</sup>
		Incremental	Strategic	Other	
Numbers of traditional students					2.6295*
	M	4.11	4.32	4.70	
	SD	.80	.98	.57	
	N	27	60	20	
Numbers of nontraditional students					.4415
	M	3.37	3.51	3.20	
	SD	1.36	1.17	1.58	
	N	27	59	20	
Decline/growth of competition					3.0688*
	M	2.85	3.27	3.65	
	SD	1.13	1.11	1.04	
	N	27	59	20	
Economic trends					1.2500
	M	3.81	3.65	4.00	
	SD	.69	.99	.73	
	N	26	60	20	
Government financial policies					.9763
	M	3.52	3.45	3.80	
	SD	.71	1.10	.83	
	N	25	60	20	
Government educational policies					2.1527
	M	3.12	2.95	3.50	
	SD	.952	1.08	.95	
	N	26	58	20	
Student demand for majors					.8091
	M	3.73	3.67	3.40	
	SD	.87	.93	1.00	
	N	26	60	20	

<sup>a</sup>Scale used 5 = Considered and very important, 1 = not considered.

<sup>b</sup>df between groups = 2; df within groups ranged from 100-103.

\*p ≤ .05.

Table 20. (Continued)

Factor	Statistic	Planning Process			F Ratio
		Incremental	Strategic	Other	
Availability of faculty					.6088
	M	3.00	3.20	3.11	
	SD	.92	.98	.81	
	N	26	59	19	
Changes in technology					.2316
	M	3.27	3.33	3.45	
	SD	.87	.98	.69	
	N	26	58	20	
Higher education goals					.1911
	M	3.73	3.79	3.90	
	SD	.83	1.01	.79	
	N	26	58	20	
Employment prospects for graduates					.2969
	M	3.65	3.68	3.85	
	SD	.85	.99	.93	
	N	26	59	20	
Regional corporation needs					.3900
	M	2.50	2.70	2.55	
	SD	1.03	.96	1.28	
	N	26	57	20	

The Duncan Multiple Range Test indicated that the overall significant F ratio from the ANOVA is due to a significant difference between the incremental planning group and groups performing "other types of planning." That is, presidents at institutions carrying out incremental planning perceive the numbers of traditional age students and the decline/growth of competitive institutions as significantly less important than presidents in the "other planning group."

No significant differences from the analysis of variance were found in the following institutional resources considered in determining an institutional plan: number of faculty in low demand programs, ability to raise funds, strengths/weaknesses of the faculty, quality and potential of new program areas, cost per student by program, ability to recruit nontraditional students, use of technology to reduce operating and/or instructional costs, and the ability to monitor student academic interests. A significant difference was observed in three institutional resources: institutional enrollment trends, strengths/weaknesses of the institution, and institutional retention rates. Table 21 shows the means and standard deviations for the importance of each in determining the institutional plan.

The Duncan Multiple Range Test showed that the overall significant F ratio from the ANOVA is due to a significant difference between the incremental planning group and "other types of planning" and in institutions classified as implementing strategic planning and "other types of planning." In other words, presidential perceptions concerning enrollment trends were significantly more important in institutions classified as using "other types of planning" than in institutions

Table 21. Means and standard deviations of the importance of each institutional resource considered in determining the institutional plan by planning process

Factor <sup>a</sup>	Statistic	Planning Process			F Ratio <sup>b</sup>
		Incremental	Strategic	Other	
Faculty in low demand programs					.4351
	M	3.00	3.12	3.30	
	SD	1.02	1.14	.98	
	N	26	58	20	
Ability to raise funds					.4296
	M	4.30	4.37	4.50	
	SD	.78	.74	.76	
	N	27	60	20	
Enrollment trends					4.2617**
	M	4.33	4.50	4.90	
	SD	.73	.73	.31	
	N	27	60	20	
Strengths/weaknesses of the institution					6.3805**
	M	4.19	4.67	4.70	
	SD	.62	.66	.47	
	N	27	60	20	
Strengths/weaknesses of the faculty					1.2533
	M	3.59	3.77	4.05	
	SD	.97	1.03	.83	
	N	27	60	20	
Quality of new programs					.4344
	M	3.74	3.82	4.00	
	SD	1.06	.93	.92	
	N	27	60	20	
Program cost per student					.4767
	M	3.04	3.02	2.75	
	SD	1.16	1.06	1.29	
	N	27	59	20	
Retention rates					3.4779*
	M	3.93	4.10	4.55	
	SD	1.04	.78	.61	
	N	27	60	20	

<sup>a</sup>Scale used 5 = Considered and very important, 1 = not considered.

<sup>b</sup>df = 2 between groups, df = 104 within groups.

\*p ≤ .05.

\*\*p ≤ .01.

Table 21. (Continued)

Factor	Statistic	Planning Process			F Ratio
		Incremental	Strategic	Other	
Recruit nontraditional students					.1431
	M	3.26	3.27	3.10	
	SD	1.29	1.22	1.37	
	N	27	59	20	
Use of technology					.1973
	M	2.81	2.90	2.75	
	SD	1.06	.90	1.12	
	N	26	59	20	
Monitor student interests					.1279
	M	3.19	3.27	3.15	
	SD	1.10	.92	.99	
	N	26	60	20	

classified as using incremental planning or strategic planning. The perceptions of the presidents were also significantly more important on the factor strengths and weaknesses of the institution in institutions performing "other types of planning" than in institutions using incremental or strategic planning. Presidential perceptions of retention rates were also significantly more important in institutions performing "other types of planning" than in institutions implementing incremental or strategic planning.



## CHAPTER V. DISCUSSION

## Description of Institutional Planning

One purpose of this study was to determine the type of planning being implemented in small, independent liberal-arts institutions. The high response rate (60.2%) in this study may be attributed to the strong interest that most presidents in these institutions have in the planning process and particularly as it relates to their own institutions.

In this study, out of 107 presidents reporting that their institution did engage in a formal planning process, 60 (56.1%) institutions were classified as implementing strategic planning, 27 (25.2%) institutions were classified as implementing incremental planning, and 20 (18.7%) institutions were classified as a group performing "other types of formal planning." The majority of the institutions being classified as using strategic planning may be explained by the fact that in the last five years, strategic planning has become an extremely popular topic in the higher education community. In fact, much of the popularity was generated because of the marketability of seminars and workshops on how to implement strategic planning in higher education institutions (Green, 1987). For these reasons, it may be

that presidents were familiar with the terminology and reported what they feel the institution should be doing rather than reporting the actual planning that occurs. On the other hand, it may be that these results reflect the actual planning practices in small, independent liberal-arts colleges and that a majority of these colleges are implementing strategic planning.

It should be noted that no institution was classified as using long-range planning. Petrello (1986) conducted a similar study by mailing questionnaires to chief academic officers to determine how four-year colleges and universities plan and the participants in the process. One of the major purposes of Petrello's study was to ascertain if most institutions engage in some form of long-range/strategic planning. Petrello did not define the terms long-range or strategic planning in the questionnaire, but left the interpretation of the process in which the institution engaged up to the respondent.

According to Petrello, 37 out of 76 respondents (49%) identified their process as long-range planning. Twenty-three of the 76 (30%) called their planning procedure strategic planning and another 13 (17%) respondents replied that they engaged in "other types of systematic planning" (three respondents stated none of

the above). Petrello concluded that more research was needed to determine if the college personnel involved in planning actually know or comprehend the subtle differences between the traditional form of long-range planning and the newer process of strategic planning.

When planning processes were not identified but rather described as in the current study, presidents in a majority of the cases selected descriptions of planning that were reflective of strategic planning followed by incremental planning and then "other types of planning." In contrast, when Petrello directly asked the presidents to state whether they are implementing long-range or strategic planning in their institutions, the presidents more often responded that they are implementing long-range planning. The results of the current study were the direct opposite of the results of Petrello's study. When the presidents were asked in the current study to identify the title and/or model that best describes their planning process, 21 (19.6%) presidents labeled their planning process as strategic planning while only five presidents (4.7%) stated that their planning process as long-range. It should be noted that the majority (74.8%) of the presidents responded that no model or title could be given to their process.

The results of these two studies indicate that confusion exists in the definition of these two approaches. Meredith, Cope, and Lenning (1987) state that a definitional problem exists when attempting to study planning processes. Meredith et al. surveyed a group of over 100 institutions that had reported in earlier research that strategic planning was being conducted on campus, and obtained responses to a set of 20 questions designed to distinguish those actually engaged in strategic planning. Analyses of responses were made for the total group and for breakdowns by institution type (two-year, four-year, doctorate, special), control (public versus private), and size (less than 1,000, 1,000 to 5,000, 5,000 to 10,000 and greater than 10,000). The results revealed that a smaller proportion of institutions than previously indicated are actually conducting strategic planning. These authors believe that across institutions, a large number of administrators and planners appear to equate strategic planning with long-range planning or just about anything that could be considered management. But the analyses by Meredith et al. did indicate that when institutions were grouped by control, private institutions appear to be more strategic. By size, large and small institutions appear to be more strategic.

The current study utilized a similar methodology as Meredith et al. (1987) by asking questions, carefully phrased so as to distinguish between long-range, incremental, and strategic planning, of presidents involved in institutional planning. By using a similar research design, this study confirmed the finding by Meredith et al. that small, independent institutions appear more strategic in their planning.

According to Keller (1983) and Jean, Posey, and Smith (1984), strategic planning in higher education attempts to merge the best features of long-range planning with incremental planning by emphasizing flexibility, practicality, and participation. These features of strategic planning may lead to the confusion of administrators in identifying the actual planning processes of the institution.

In addition to assessing the type of planning being practiced in small, independent institutions, another purpose of this study was to describe institutional planning. The majority of presidents stated that the participants responsible for planning consisted of administrators, faculty, board members, and students. This group is similar to the planning committee participants identified in Petrello's 1986 study. Petrello found that the planning committee generally

consists of the President, Vice President for Academic Affairs, academic administrators, non academic administrators, and students. The three least mentioned participants in Petrello's study were board trustee members, alumni representatives, and advisory council members.

Approximately 88% of the presidents reported that a written plan derived from the mission statement was the outcome of the planning process and close to 58% of them reported that written plans are updated annually. These two findings are interesting in that they are consistent with the long-range planning literature which suggests that planning is a conscious effort conducted on a consistent basis and the focus is on producing a written document.

The fact that 95 out of 107 presidents reported that their planning process has been utilized for only ten years or less supports the indication in the literature that the planning thrust is relatively new to higher education institutions. It is also significant to note that presidents in 78% of the institutions with a formalized planning process do not anticipate making a change in the way that they plan for the future, while 92% of the presidents in institutions that report not utilizing a formal planning process do anticipate a

change in the way that they plan for the future. The results of this survey demonstrate that presidents in small, independent liberal-arts colleges believe that formal planning is conducted on college campuses. In the colleges where formal planning is not taking place, the presidents anticipate that this situation will change indicating the strong need for planning in higher education institutions.

Numerous authors (Elgart & Schanfield, 1984; Green, 1987; Meredith et al., 1987) believe that leaders at many institutions equate planning with budgeting and the development of a master plan focused on the physical plant. These authors believe planning should be viewed otherwise. From their viewpoint, planning lies in the congruence of mission, goals, and strategies that are then formulated into plans in which the focus is on much more than dollars and buildings. The results of this study show that the three most common planning components in an institutional plan are the enrollment plan, the facilities plan, and the financing plan. The two next common components are the fund-raising plan and the operating and capital budgets plan. This suggests that presidents may be preoccupied with the short-run issues of the institution rather than preparing for the future by concentrating on viability as defined in this study.

This focus on the immediate budget and on the physical buildings is in direct contrast with Astin's (1985) research. Astin believes that administrators should emphasize selectivity because as the institution becomes more selective in admitting students, the reputation is enhanced and this enhancement attracts more students. Based on Astin's theory, if the planning process revolves around maintaining or improving the viability of the institution, (defined as reputation and quality, selectivity, and endowment), it will be easier to prioritize the planning components such as the ones rated in this study. In other words, if viability is addressed in the planning process, the enrollment should increase which would make more money available for facilities and budgets which should also facilitate fund-raising efforts.

#### Hypotheses Testing

Another purpose of this study was to test five hypotheses as stated below.

##### Hypothesis One

In this study, the hypothesis was tested that there are correlations among the president's perception of reputation and quality, selectivity, and endowment. The purpose of this hypothesis was to determine if these variables are related and therefore if they could be used



to measure institutional viability. The variables were shown to be positively and statistically significantly correlated at both levels  $p \leq .05$  and  $p \leq .01$ .

Although the results of this study would indicate that reputation and quality, selectivity, and endowment are positively correlated with each other, caution should be used when interpreting these measures. The perceptions of the presidents may be biased and therefore not accurate measures of viability. The literature emphasizes that it is difficult to obtain outside sources to use as valid measures of these three variables (Astin & Solmon, 1979; 1981; Blackburn & Gerber, 1974; Tan, 1986; Webster, 1981; 1985). Many of the outside sources that could be used to measure reputation and quality, selectivity, and endowment are studies conducted on institutions on a volunteer basis which may put limitations on the sample. Nevertheless, the results of this study do indicate that these variables may be measuring the underlining characteristics of the institution which supports the notion that these are three valid measures of institutional viability.

Hypothesis Two

This study also tested the hypothesis that differences exist in institutional viability: reputation and quality, selectivity, and endowment (in combination and separately) as a function of the three common planning approaches used in higher education institutions: long-range, incremental, and strategic planning. The results did not support this hypothesis. Since this type of research has not previously been conducted, it is possible that there was a measurement problem in classifying institutional viability and/or in classifying the planning process of the institution. Using the perceptions of the president for both classifications may not have been an accurate reflection of the viability of the institution or the planning practice actually implemented.

However, institutional viability may not be related to the type of planning process implemented at the institution. It may be that any form of institutional planning, in terms of viability, is as effective as another. Examining the institutional viability as a function of planning process may be too simplistic an approach to use in analyzing an extremely complicated topic. Planning involves numerous variables that are constantly changing and it may be that certain planning

processes are more effective than others in particular situations.

Another explanation may be that formal planning is too new in the higher education community to measure the relationship between the type of planning process used and institutional viability. It may be that more time is needed for the utilization of the planning process before institutional viability can be influenced positively or negatively.

### Hypothesis Three

The hypothesis was tested that there would be a negative relationship between the president's participation in the planning process and institutional viability. The results failed to support this hypothesis. The slight positive correlation that was observed was not statistically significantly different from zero. This may be explained by the theory that in institutions with low viability, the president is less involved in the planning process which would in turn tend to lower viability. On the other hand, the relationship may be the exact reverse. In institutions with high viability, the viability may be high because the president is more involved in the process. There also may be no relationship between the participation of the

president in the planning process and institutional viability.

#### Hypothesis Four

Hypothesis four stated that differences would exist between the planning processes used at institutions that were identified as outstanding and institutions that were not identified. This hypothesis was not able to be evaluated because only five presidents out of the 13 identified institutions returned the questionnaire which yielded an insufficient sample size for analysis.

This current study is significant because even in the small sample of outstanding institutions, no institution was classified as implementing long-range planning. According to Keller (1983), long-range planning has not been as effective as a tool for addressing the future as once was anticipated. There was an even distribution of the outstanding institutions classified as implementing incremental planning and strategic planning and one institution was classified as utilizing "other type of formal planning."

#### Hypothesis Five

This hypothesis examined planning processes to determine if differences exist when investigating the president's perception of planning factors that were

categorized into three groups: factors considered in the development or revision of the mission statement, environmental factors considered in the development of an institutional plan, and institutional resources considered in the development of the plan. This hypothesis was supported on eight of the 32 factors.

One-way analysis of variance followed by the Duncan Multiple Range post hoc test revealed that in the first category (factors considered in the development or revision of the mission statement), presidents in the "other types of formal planning" group considered the previous mission statement, faculty skills and background, and institutional image as more important in the development or revision of the mission statement than presidents in the incremental or strategic planning groups.

When factors in the second category were examined, (environmental factors considered in the development of an institutional plan), the presidents in the "other types of formal planning" group rated the numbers of traditional students and the decline/growth of the competition as more important environmental factors to consider in the development of an institutional plan than the presidents in the incremental or strategic planning groups.

The results in the third category, (institutional resources considered in the development of the plan), were consistent with the findings from the analysis of the factors considered in the development or revision of the mission statement and the analysis of the environmental factors considered in the development of an institutional plan. The results suggest that presidents implementing "other types of formal planning" rate enrollment trends, strengths and weaknesses of the institution, and retention rates as more important institutional resources in determining an institutional plan than do presidents implementing incremental or strategic planning.

Many authors (Anderson, 1977; Mayhew, 1979; Moseley, 1980; Ryans & Shanklin, 1986; Tuckman & Arcady, 1985) believe that small, independent liberal-arts institutions lose their sense of mission and direction in attempting to maintain or increase enrollments. Elgart and Schanfield (1984) believe that many administrators become preoccupied with the immediate issues facing the institution and make decisions by reacting rather than by planning ahead and making deliberate, analytical decisions. The results of the one-way analysis of variance and Duncan Multiple Range post hoc test may indicate that institutions using a variation of "other

types of formal planning" may tend to emphasize the more obvious factors that are anticipated to greatly influence higher education institutions rather than focusing on the reputation and quality, selectivity, and endowment of the institution.

#### Summary

Approximately 81% of the responding presidents reported that their institution did engage in a formal planning process. The majority of these presidents responded to descriptions of strategic planning, rather than incremental and long-range planning, as the approach used to plan for the future of the institution. When a conservative approach was used to classify planning processes, no institution was classified as implementing long-range planning either in the original sample of small, independent liberal-arts institutions or in the subset of institutions rated as outstanding.

In addition to assessing the type of planning being practiced in small, independent liberal-arts institutions, another purpose of this study was to describe institutional planning. The majority of presidents responded that the group responsible for planning consisted of administrators, faculty members, board members, and students. Approximately 89% of these presidents stated that their formal planning process has

been utilized for only ten years or less. Eighty-three out of 107 presidents in institutions with a formal planning process do not anticipate changing their planning process in the future, while 24 out of 26 presidents in institutions that do not have a formal planning process do anticipate changing the way they plan for the future. The results of this study show that the most common planning components as reported by the presidents are the enrollment plan, the facilities plan, the financing plan, the fund-raising plan, and the operating and capital budgets plan.

Another purpose of this study was to test five hypotheses. The first hypothesis focused on correlations among indicators of institutional viability as perceived by the president. The variables were shown to be positively and statistically significantly correlated at both levels  $p \leq .05$  and  $p \leq .01$ . The second hypothesis stated that differences exist in institutional viability (reputation and quality, selectivity, and endowment, in combination and separately) as a function of the three common planning approaches used in higher education institutions: long-range, incremental, and strategic planning. The results did not support this hypothesis.

Hypothesis three tested that there would be a negative relationship between the president's



participation in the process and institutional viability. The results failed to support this hypothesis. A slight positive correlation was observed, but it was not statistically significantly different from zero. The fourth hypothesis stated that differences would exist between the planning processes used at institutions that were rated as outstanding by a nationwide survey of college presidents (U. S. News and World Report, 1985) and institutions that were not rated. This hypothesis was not able to be tested because only five presidents of the thirteen outstanding institutions responded to the questionnaire.

The last hypothesis investigated the planning processes to determine if differences exist when examining the president's perception of planning factors that were categorized into three groups: factors considered in the development or revision of the mission statement, environmental factors considered in the development of an institutional plan, and institutional resources considered in the development of the plan. Eight of the 32 factors were found to be statistically significant. All of the factors were derived from the strategic planning literature as critical factors in the design of a strategic plan. In all three categories, the presidents in the "other type of formal planning" group

rated the significant factors as more important than the presidents in the incremental or strategic planning groups.

Based on these findings, it is believed that more research is needed in the area of planning because of the complexity and possible confusion of the topic. These results suggest that it would be valuable to conduct longitudinal studies in order to study changes in the planning process and institutional viability at different points in time. As institutional viability changes, the planning process may change or vice versa which makes time an important variable.

This study may have discovered a continuum of the degree of formality in the planning process. The presidents surveyed may have responded to the degree of sophistication characterized in the planning statements rather than the specific characteristics of the three planning processes. If this was the case, most of the presidents in this study responded to statements of strategic planning which is a more formal planning approach than incremental planning, but a less formal planning approach than long-range planning. Future research is recommended in this area to explore this possibility.

Finally, further research is needed to determine the effectiveness of various types of planning processes and the impact of the process on the institution.

Effectiveness of a planning process is difficult to study because of the entanglement and fluctuation of the variables involved in a planning process. Institutional viability is difficult to study because of the complications in obtaining accurate ratings of variables used to measure viability. It is important to conduct studies which try to measure the outcomes generated from different types of planning processes.

This study may be used to assist the president or administrative team when making future decisions for the institution. This document is designed to contribute to the knowledge of those individuals involved with the process of planning and to encourage them to contemplate the outcomes of planning in terms of institutional viability.

## BIBLIOGRAPHY

- America's best colleges. (November, 1985). U.S. News and World Report, pp. 46-49.
- Anderson, R. E. (1977). Strategic policy changes at private colleges. New York: Teachers College Press.
- Archibald, S. O., & McCorkle, C. O., Jr. (1982). Management and leadership in higher education. San Francisco, California: Jossey-Bass Publishers.
- Arnsoff, H. I., Declerck, R. P., & Hayes, R. L. (1976). Strategic planning to strategic management. London: John Wiley & Sons, Ltd.
- Astin, A. (1985). Achieving educational excellence. San Francisco, California: Jossey-Bass Publishers.
- Astin, A. W., Green, K. C., Korn, W. S., & Schalit, M. (1986) The American freshman: National norms for fall 1986. Los Angeles, California: The Higher Education Research Institute.
- Astin, A. W., & Henson, J. W. (1977). New measures of college selectivity. Research in Higher Education, 6, 1-8.
- Astin, A. W., & Solmon, L. C. (1979). Measuring academic quality: An interim report. Change, 11(6), 48-51.
- Astin, A. W., & Solmon, L. C. (1981). Are reputational ratings needed to measure quality? Change, 13(7), 14-19.
- Bailey, A. L. (1987). Fund drives get bigger, broader: 65 college goals top \$100 million. The Chronicle of Higher Education, XXXIV(1), 72-77.
- Bailey, A. L. (1983). The competitive edge. CASE Currents, 9, 12-15.
- Balderston, F. E. (1974). Managing today's university. San Francisco, California: Jossey-Bass Publishers.

- Baldrige, J. V., Curtis, V. C., Ecker, G., & Riley, G. (1978). Policy making and effective leadership. San Francisco, California: Jossey-Bass Publishers.
- Baldrige, J. V., & Okimi, P. (1982). Strategic planning in higher education: New tool - or new gimmick? AAHE Bulletin, 6, 15-18.
- Baldrige, J. V., & Tierney, M. L. (1979). New approaches to management. San Francisco, California: Jossey-Bass Publishers.
- Blackburn, R. T., & Gerber, W. J. (1974). Expert rating on academic leadership as a measure of institutional quality. Sociology of Education, 47 (Fall), 535, 540.
- Blecker, F. M. (1980). Beyond survival in the 1980's for liberal college. Liberal Education, 66(3), 357-363.
- Borg, W. R., & Gall, M. D. (1983). Educational Research: An Introduction (4th ed.). New York: Longman Publishers.
- Boyer, R. (1981). Decisions, changes, and continuity. Educational Record, 62(3), 44-48.
- Brubacher, J. S., & Willis, R. (1976). Higher education in transition. New York, New York: Harper and Row Publishers.
- Cameron, K. (1983). Strategic responses to conditions of decline. Journal of Higher Education, 54(4), 359, 379.
- Carnegie Council on Policy Studies in Higher Education. (1980). Three thousand futures. San Francisco, California: Jossey-Bass Publishers.
- Chaffee, E. E. (1984). Successful strategic management in small private colleges. Journal of Higher Education, 55(2), 212-241.
- Cohen, M. D., & March, J. G. (1974). Leadership and ambiguity. New York, New York: McGraw Hill Company.

- Conrad, C. F., & Blackburn, R. T. (1985). Correlates of departmental quality in regional colleges and universities. American Educational Researcher, 22(2), 279-295.
- Cope, R. G. (1978). Strategic policy planning: A guide for college and university administrators. Englewood, Colorado: The Ireland Educational Corporation.
- Cope, R. G. (1981). Strategic planning, management, and decision making. AAHE-ERIC/ Higher Education Research Report 9.
- Copeland, B. (1985). A study of strategic planning in small, private liberal arts colleges in the southeastern United States. (Doctoral Dissertation, The George Washington University). Dissertation Abstracts International, 46, 1528.
- Dillman, D. (1978). Mail and telephone surveys: The total design method. New York: John Wiley & Sons.
- Dorsey, R. (1980). Institutional planning. Paper presented for the Association of Governing Boards of Universities and Colleges, Washington, D. C.
- Doyle, P., & Lynch, J. E. (1979). A strategic model for university planning. Operational Research Society, 30(7), 603-609.
- Dube, II, C. S., & Brown, A. W. (1983). Strategic assessment--a rational response to university cutbacks. Long Range Planning, 16(2), 105-113.
- Elgart, L. D., & Schanfield, L. (1984). Private colleges in the 1980's. Educational Forum, 48(4), 449-457.
- Elia, I. J. (1981). Strategic planning in an independent institution of the higher education (Doctoral dissertation, State University of New York at Buffalo). Dissertation Abstracts International, 42, 1450.
- Ewing, D. W. (1983). Long range planning for management. New York: Harper Row Publishers.

- Farmer, D. W. (1983). Developing a collegial approach to integrated planning at a small college: Communication, understanding, and cooperation. Planning for Higher Education, 11(3), 18-24.
- Fenske, R. (1980). Setting institutional goals and objectives. In P. Jedamus & M. W. Peterson, Improving Academic Management (pp. 177-199). San Francisco, California: Jossey-Bass Publishers.
- Fowler, F. J., Jr. (1984). Survey research methods. San Francisco, California: Sage Publications, Inc.
- Frances, C. (1980). Apocalyptic vs. strategic planning. Change, 12(5), 19, 39-44.
- Gilmartin, K. J. (1981). Development of Indicators of the Viability of Higher Education Institutions. Technical Report No. 19. Institutes for Research in the Behavioral Sciences, Palo Alto, California.
- Green, J. L. (1987). A strategic planning system for higher education. Topeka, Kansas: Strategic Planning/Management Associates, Inc.
- Green, J. S., & Levine, A. (1985). Opportunity in adversity. San Francisco, California: Jossey-Bass Publishers.
- Hatten, M. L. (1982). Strategic management in not-for-profit organizations. Strategic Management Journal, 3(2), 89-104.
- Hinkle, D. C., Wiersma, W., & Jurs, S. G. (1979). Applied statistics for the behavioral sciences. Boston, Massachusetts: Houghton Mifflin Company.
- Hodgkinson, H. L. (1980). Impact of national issues. In P. Jedamus & M. W. Peterson, Improving academic management (pp. 1-8). San Francisco, California: Jossey-Bass Publishers.
- Hofer, C. W. (1976). Research on strategic planning: A survey of past studies and suggestions for future efforts. Journal of Economics and Business, 28(3), 261-283.

- Hoffman, R. (1980). College enrollments: Strategic planning in the 1980's. Liberal Education, 66(3), 347-56.
- Hollowood, J. R. (1981). College and university strategic planning: A methodological approach. Planning for Higher Education, 9(4), 8-18.
- Hopkins, D. S. P., & Massy, W. F. (1981). Planning models for colleges and universities. Stanford, California: Stanford University Press.
- Howe II, H. (1979). What future for the private college? Change, 11(3), 28-31, 70.
- Ingram, R. T. (1980). Handbook of college and university trusteeship. San Francisco, California: Jossey-Bass Publishers.
- Jean, P. M., Posey, E. I., & Smith, G. (1984). Strategic planning vs. disjointed incrementalism: An institutional research perspective. Paper presented for the Association of Institutional Research, Little Rock, Arkansas.
- Jedamus, P., & Peterson, M. W. and Associates. (1981). Improving academic management. San Francisco, California: Jossey-Bass Publishers.
- Jellema, W. W. (1972). Efficient college management. San Francisco, California: Jossey-Bass Publishers.
- Jonsen, R. W. (1984). Small colleges cope with the eighties. Journal of Higher Education, 55(2), 171-183.
- Keinath, B. J. (1985). A study of the strategic planning processes of six state universities using Chaffee's strategy models. (Doctoral dissertation, University of Minnesota). Dissertation Abstracts International, 47, 99.
- Keller, G. (1983). Academic strategy. Baltimore, Maryland: Johns Hopkins University Press.
- Kerr, C. (1979). Key issues for higher education in the 1980's. New Directions for Higher Education, 7(28), 1-11.



- Kotler, P., & Murphy, P. E. (1981). Strategic planning for higher education. Journal of Higher Education, 52(52), 470-489.
- Lelong, D., & Shirley, R. (1984). Planning: Identifying the focal points for action. Planning for Higher Education, 12(4), 1-7.
- Levine, A. E. (1982). Quality in baccalaureate programs: What to look for when David Riesman can't visit. Educational Record, 63(1), 13-17.
- Lindbloom, C. E. (1959). The science of muddling through. Public Administration Review, 19(2), 79-88.
- Lindbloom, C. E. (1979). Still muddling, not yet through. Public Administration Review, 39(6), 517-526.
- Lindquist, J. (1978). Strategies for change. Berkeley, California: Pacific Soundings Press.
- Mason, W. L. (1987). Strategic planning and liberal education: The recurrent challenge. The North Central Association Quarterly, 61(4), 461-468.
- Mayhew, L. B. (1979). Surviving the eighties. San Francisco, California: Jossey-Bass.
- McConkey, D. D. (1975). MBO for nonprofit organizations. New York, New York: AMACOM.
- McPherson, M. (1981). Quality and competition in public and private higher education. Change, 13(3), 18-23.
- Meredith, M. (1985). Strategic planning and management: A survey of practices and benefits in higher education. A paper presented at the 1985 forum of the Association for Institutional Research, Portland, Oregon.
- Meredith, M., Cope, R. G., & Lenning, O. T. (1987). Differentiating bona fide strategic planning from other planning. Unpublished paper. Department of Higher Education, University of Colorado, Boulder, Colorado.

- Merson, J. C. (1983). Strategic and financial planning. New Directions for Higher Education, 2(42), 5-10.
- Miller, J. E. (1980). Planning in small colleges. Planning in Higher Education, 9(1), 25-29.
- Millet, J. D. (1980). Relating to governance and leadership. In P. Jedamus & M. W. Peterson. Improving Academic Management (pp. 495-509). San Francisco, California: Jossey-Bass Publishers.
- Mims, R. S. (1979). Facilitating pervasive planning: Multi-level institutional planning. Forum Paper. Association of Institutional Research, San Diego, California.
- Morgan, A. W., & Jackson, N. L. (1981). Strategic planning at a small college: To be comprehensive or to be distinctive. Planning for Higher Education, 9(4), 29-33.
- Morrison, J. L., & Mecca, T. V. (1987). Ed quest: A process of linking environmental changes with strategic management. The 27th Annual Forum. The Association for Institutional Research, Kansas City, Missouri.
- Morrison, J. L., Renfro, W. L., & Boucher, W. I. (1984). Futures research and the strategic planning process: Implications for higher education. AAHE-ERIC/Higher Education Research Report No. 9. Washington, D. C.: Association for the Study of Higher Education.
- Moseley, J. D. (1980). The mission of the church related college. Liberal Education, 66(2), 177-182.
- Moseley, J. D., & Bucher, G. R. (1982). Church-related colleges in a changing context. Educational Record, 63(1), 46-51.
- National Association of College and University Business Officers. (1980). College and university endowment performance: Comparative performance study. Washington, D. C.: NACUBO.

- National Association of College and University Business Officers. (1985). College and university endowment performance: Comparative performance study. Washington, D. C.: NACUBO.
- National Institute of Education. (1984). Involvement in learning: Realizing the potential of American higher education. Washington, D. C.: Author.
- Newell, L. J. (1981). Strategic planning at a small college: To be comprehensive or to be distinctive? Planning For Higher Education, 9 (Summer), 29-33.
- Norris, D. M. (1984). A guide for new planners. Ann Arbor, Michigan: The Society for College and University Planning.
- Norris, D. M., & Poulton, N. L. (1987). A guide for new planners. Ann Arbor, Michigan: The Society for College and University Planning.
- O'Keefe, M. (1985). Emerging challenges to higher education. In J. S. Green & A. Levine, Opportunity in adversity. San Francisco, California: Jossey-Bass Publishers.
- O'Neill, J. P., & Barnett, S. (1981). Check your college's vital signs. AGB Reports, 23(3), 36-41.
- Parekh, S. B. (1977). A long range planning model for colleges and universities. Project of the Phelps-Stokes Fund, New York, New York.
- Peck, R. D. (1983). The entrepreneurial college presidency. Educational Record, 64(1), 18-25.
- Peterson, M. (1984). Book Review: George Keller's Academic strategy: The management revolution in higher education. Journal of Higher Education, 55(5), 662-665.
- Peterson, M. W. (1980). Analyzing alternative approaches to planning. In P. Jedamus & M. W. Peterson, Improving academic management (pp. 113-163). San Francisco, California: Jossey-Bass Publishers.

- Petrello, G. J. (1986). An analysis of formal long-range and strategic planning as a guide for effective leadership. Paper presented at the annual meeting of the Society of Educators and Scholars, Louisville, Kentucky.
- Quinn, J. B. (1978). Strategic change: Logical incrementalism. Sloan Management Review, 20,(1), 7-19.
- Ryans, C. C., & Shanklin, W. L. (1986). Strategic planning, marketing, and public relations, and fund-raising in higher education: Perspectives, readings, and annotated bibliography. Metuchen, New Jersey: The Scarecrow Press, Inc.
- Scarlett, M. (1982). Survival gear for the small college. AGB Reports, 24(1), 22-27.
- Schmidtlein, F. A. (1974). Decision process paradigms in higher education. Educational Researcher, 3, 4-11.
- Schmidtlein, F. A. (1986). Institutional planning: Perspectives and practices. Unpublished project. National Center for Postsecondary Governance and Finance, Hyattsville, Maryland.
- Shirley, R. C. (1983). Identifying the levels of strategy for a college or university. Long Range Planning, 16(3), 92-98.
- SPSS User's Guide. (1983). New York, New York: McGraw-Hill Book Company.
- Steiner, G. A. (1979). Strategic planning. New York, New York: The Free Press.
- Tack, M. W., Rentz, A., & Russell, R. L. (1984). Strategic planning for academic programs: A strategy for institutional survival. Planning for Higher Education, 12(4), 8-14.
- Tan, D. L. (1986). The assessment of quality in higher education: A critical review of the literature and research. Research in Higher Education, 24(3), 223-265.

- The new breed of strategic planner. (1984, September). Business Week, 62-68.
- Thomas, R. (1980). Corporate strategic planning in a university. Long Range Planning, 13, 70-78.
- Toll, J. S. (1982). Strategic planning: An increasing priority for colleges and universities. Change, 14(4), 36-37.
- Tuckman, H. & Arcady, P. (1985). Myths about size and performance: Managing the small college. Educational Record, 66(3), 16-20.
- Vaccaro, L. C. (1979). A planning model for small colleges. AGB Reports, 2(4), 30-34.
- Vulgamore, M. L. (1981). Planning: The University of Richmond experience. Educational Record, 62(2), 55-57.
- Webster, D. S. (1981). Advantages and disadvantages of methods of assessing quality. Change, 13(7), 20-24.
- Webster, D. S. (1985). How not to rank universities. Higher Education, 14, 101-109.
- Whittaker, J. B. (1978). Strategic planning in a rapidly changing environment. Lexington, Massachusetts: D. C. Heath & Company.
- Wrapp, H. E. (1984). Good managers don't make policy decisions. Harvard Business Review, 62(4), 8-21.
- Young, S. (1981). Some dimensions of strategic planning for higher education. Planning for Higher Education, 9(4), 1-7.

## ACKNOWLEDGEMENTS

Completion of this dissertation has been an important goal in my life. Many people contributed to my achieving this goal and I would like to express my sincere gratitude and thanks to those individuals.

My major professors, Dr. Mary E. Huba and Dr. Larry H. Ebbers, were extremely helpful in giving me the feedback and constructive criticism necessary to strengthen this research document. I will always remember the endless hours of work that were concentrated in a short period of time to meet the first deposit deadline and the fact that Dr. Huba also dedicated an almost equal amount of time and energy. Thank you for continuing to make me stretch.

I would like to thank the other members of my committee and substitute members: Dr. Jean Adams, Dr. J. Stanley Ahmann, Dr. J. David Hunger, Dr. Anton Netusil, and Dr. Dan Robinson (in alphabetical order). Many of them have supported me in a variety of ways during my graduate program at Iowa State University. I would like to particularly thank Dr. Judy Grace for her insights in the topic area and for her support.

Financial support for this research was indirectly provided by Central College through my one year

sabbatical. Central College also provided considerable assistance in the administration of the questionnaire. I am especially grateful to President Ken Weller for his willingness to encourage his peers to support my research and for his interest in my research. I gratefully acknowledge the important contributions Central College has made for the completion of this dissertation.

A professional thank you is due to the panel of experts who took the time to critique the questionnaire: Dr. Richard Anderson, President Martha Church, Dr. Robert Cope, Dr. James Morrison, President Robert Shirley, and President Ken Weller. Because of their knowledge of the field, I believe my research was strengthened. Dr. Frank Schmidtlein was extremely helpful at the early stages of my research to narrow down this large and complex topic.

Family and friends provided immeasurable support in the completion of my dissertation. I am especially thankful to my husband, John Fisher, who contributed his editing skills when I needed them most. His ability to be honest and open-minded continued to motivate me. But his sense of humor made the adventure enjoyable. The fact that he wanted me to accomplish this goal for myself as much as I wanted to meant a great deal to me.

Special friends helped in different ways. Paula Holcomb was always there when I needed her to give advice

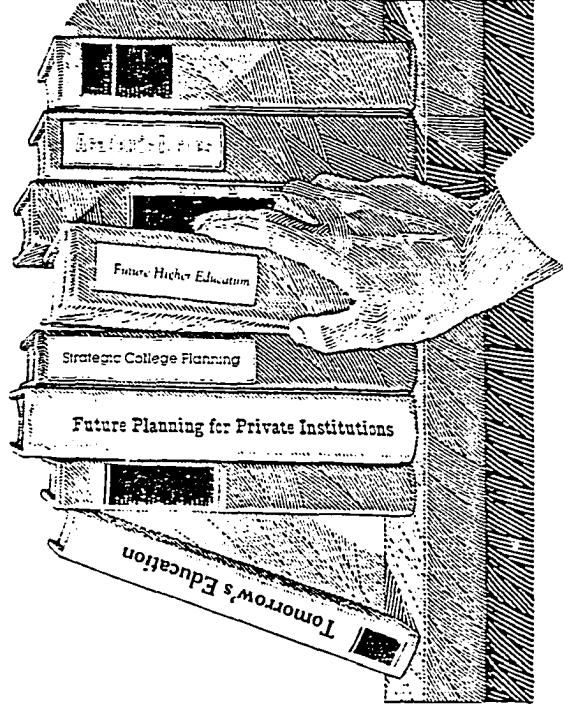
and encouragement. Evelyn Bandstra, my typist, knew my voice too well. I am thankful for her patience, flexibility, and hours of labor. Marty Racheter offered editorial suggestions at the most crucial times, when my objectivity was diminishing. Numerous friends, too many to individually mention, offered support just by their interest in my progress and the dissertation topic.

Thanks are also due to the presidents of the small, independent liberal-arts institutions who provided the data for this study.



APPENDIX A: SURVEY INSTRUMENT

# Planning for the Future in Private Higher Education Institutions



**A. INSTITUTIONAL PLANNING**

Please CIRCLE ONE number which represents the best answer for your institution.

Q-1 Does your institution have a formalized planning process? (i.e., planning committee that meets regularly to plan for the future.)

- 1 Yes . . . please continue
- 2 No . . . please go to Section J on page 10.

Q-2 How much time do you personally spend on the planning process?

- 1 Very little
- 2 Little
- 3 Some
- 4 Great
- 5 Very Great

Q-3 How would you characterize the structure of the group which had responsibility for planning during the last five years.

- 1 Committee of Administration Only.
- 2 Committee of Administration and Faculty.
- 3 Committee of Administration, Faculty, and Board Members.
- 4 Committee of Administration, Faculty, Board Members, and Students.
- 5 Other (please specify) \_\_\_\_\_

Q-4 Is there a written institutional plan derived from the mission for the institution?

- 1 Yes
- 2 No . . . please go to Q-6

Q-5 If you have a written plan, approximately how often is this plan updated?

- 1 Monthly
- 2 Yearly
- 3 Every five years
- 4 Every 10 years
- 5 Other \_\_\_\_\_

Q-6 How is planning organized?

- 1 Divisionally
- 2 Institution-Wide
- 3 Other \_\_\_\_\_

Q-7 What title/model best describes the planning process at your institution?

\_\_\_\_\_

Why? \_\_\_\_\_

\_\_\_\_\_ No model or title can be given.

Q-8 For how many years has the current planning process been utilized?

- 1 0-5 years
- 2 6-10 years
- 3 11-15 years
- 4 Other \_\_\_\_\_

Q-9 Do you anticipate changing the current process in the near future?

- 1 Yes
  - 2 No
- If yes, briefly explain your reasons and the predicted changes. \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**B. PLANNING AREAS**

Three different planning processes that could be used for institutional planning are stated below.

- 1** Computer models and systems analysis are used to forecast futures and anticipate changing requirements.
- 2** Continuous adaptation and bargaining are used to maintain the flexibility necessary to discover and take advantage of opportunities.
- 3** Action plans that are related to changes in the environment are developed to accomplish goals and provide a framework for decision making.

Listed below are several areas about which institutions make plans. Even though these planning processes are different, they are not mutually exclusive. For each area, CIRCLE ONE number from the three planning processes stated above which best corresponds to the process primarily used by your institution when making plans concerning that area.

	FACTOR	(circle) PLANNING PROCESS		
Q-10	<b>Students</b> Number of students, target mix, needs	1	2	3
Q-11	<b>Other Clientele</b> Alumni, donors, employers	1	2	3
Q-12	<b>Goals and Objectives</b> Institutional development, societal contributions, student development	1	2	3
Q-13	<b>Program/Service Mix</b> Program offerings, priorities, and development	1	2	3

- Q-14 **Geographic Service Area**  
 Location of clientele and programs, dimensions  
 of service, educational delivery system 1 2 3
- Q-15 **Comparative Advantage**  
 Unique distinction over competition 1 2 3

**C. PLANNING COMPONENTS**

Listed below are several typical components of institutional plans. First, place a CHECK in front of each component that your institution includes in your plan. Second, for each component that you check, CIRCLE ONE number that best corresponds to the process primarily used to develop that component at your institution. Use the scale from the previous question.

- 1 Computer models . . .  
 2 Continuous adaptation . . .  
 3 Action plans . . .

(check)	PLANNING COMPONENTS	(circle)	PLANNING PROCESS		
Q-16	_____ Enrollment plan		1	2	3
Q-17	_____ Facilities plan		1	2	3
Q-18	_____ Financing plan		1	2	3
Q-19	_____ Fund-raising plan		1	2	3
Q-20	_____ Pricing plan		1	2	3
Q-21	_____ Academic policies on curriculum, grading, etc.		1	2	3
Q-22	_____ Admissions standards		1	2	3
Q-23	_____ Compensation policies		1	2	3
Q-24	_____ Operating and capital budgets		1	2	3
Q-25	_____ Organizational structure/governance		1	2	3

**D. PLANNING FACTORS**

Below are three factors which play a role in institutional planning. Following each are descriptions of three different ways the factor can be considered. For each, please CIRCLE the number of the ONE description that best represents your opinion of how the factor affects the planning process at your institution.

Q-26 TIME FOR ANALYSIS

- 1 Planning is a continuous and dynamic process and therefore does not require much additional time.  
 2 There is usually enough time for analysis before making decisions.  
 3 There is rarely enough time for analysis before making decisions.

## Q-27 USE OF KNOWLEDGE

- 1 Information on the subject is used to build and evaluate several scenarios.
- 2 Information about the subject matter is used to predict likely outcomes and plan realistically.
- 3 Information is used to make short term plans since there is not enough information about the subject matter or future consequences to be sure plans are realistic.

## Q-28 RESOURCES FOR PLANNING

- 1 The most important resources are decision makers who are aware of changes in the external environment.
- 2 The most important resources are funds, data, and computers and are usually available.
- 3 The most important resources are funds, data, and computers and are usually lacking or not accessible.

**E. PLANNING ASPECTS**

Below are four aspects of planning. Following each are three descriptions as to how this aspect may influence the implementation of the planning process. Please CIRCLE the number of the ONE description that best represents your opinion of each aspect at your institution.

## Q-29 RESPONSE TO CHANGE

- 1 Computer and systematic models are used to forecast futures and anticipate change.
- 2 Continuous adaptation and bargaining are used to maintain flexibility necessary to take advantage of opportunities.
- 3 Action plans are developed to avoid threats and take advantage of opportunities with an emphasis on the external environment.

## Q-30 REDUCING RISK AND UNCERTAINTY

- 1 Quantitative methods are used to reduce risk and uncertainties by forecasting outcomes.
- 2 Marginal adjustments are used to reduce risk and uncertainties.
- 3 Quantitative and qualitative methods are used with an emphasis on adapting to the external environment to the advantage of the institution.

## Q-31 DEFINING GOALS

- 1 Goals are explicitly defined and stated in precise terms.
- 2 Goals are known implicitly and stated in general terms.
- 3 Goals are stated and provide the framework for daily decision making.

## Q-32 REACHING DECISIONS ON PRIORITIES

- 1 Agreements are achieved through quantitative analysis of needs and resources and through objective ranking of institutional priorities.
- 2 Agreements are achieved through bargaining and compromise over institutional priorities and the priorities of various groups within the institution whose interests are at stake.
- 3 Agreements are achieved through broad participation and continual feedback based on the institutional mission.

**F. PLANNING PERSPECTIVES**

Below are three perspectives of planning. Following each are three different ways the perspective can be considered. For each, please CIRCLE the number of the ONE statement that best represents your opinion.

**Q-33 INSTITUTIONAL GOALS**

- 1 Agreement on goals for an institution is possible if the goals are clearly defined.
- 2 Wide agreement on goals is practically impossible because of competing groups, changing needs, and changing views of what ought to be done.
- 3 The one issue on which agreement must be reached is that the long run health and excellence of the college is first and all other goals are secondary.

**Q-34 MAIN OBJECTIVE OF PLANNING**

- 1 The main objective of planning is quantifying and forecasting the future to facilitate choosing the best responses to emerging issues.
- 2 The main objective of planning is discovering acceptable and judgmentally appropriate responses to emerging issues.
- 3 The main objective of planning is to decide the main direction for the institution and how this direction will be achieved.

**Q-35 BETTER APPROACH TO PLANNING**

- 1 Planning is long-range, comprehensive, and detailed in order to avoid mistakes of trial and error approaches.
- 2 Planning is short-range and limited in scope to avoid the time and information costs of comprehensive approaches.
- 3 Planning is a combination of long-range planning which provides the foundation and direction within which short-range planning operates.

**G. PLANNING VARIABLES**

**Q-36** Which of the following statements below best describes the action taken on your institution's mission statement during the years 1980-1986? (circle number)

- 1 Mission statement not reviewed, not changed (skip to Q-38).
- 2 Mission statement reviewed, not changed (skip to Q-38).
- 3 Mission statement rewritten, few changes from previous version.
- 4 Missions statement rewritten, bears similarities to previous statement but also establishes new directions.
- 5 Mission statement rewritten, signifies major changes from previous version.

**Q-37** What was the purpose of the mission review?

- 1 To respond to board of trustees request
- 2 To satisfy accreditation self-study
- 3 To secure grants
- 4 To improve planning process

Please indicate which of the following factors were considered in the development or revision of the mission statement and their relative importance. CIRCLE ONE number which most closely reflects what you believe to be the consideration given to the item during the planning process.

5 = Considered and Very Important

4 = Considered and Important

3 = Considered and Somewhat Important

2 = Considered, but of little or No Importance

1 = Not Considered

0 = You do not personally know whether or not the factor was considered

		Please circle response					
Q-38	Previous mission statement	5	4	3	2	1	0
Q-39	Building on skills and background of faculty	5	4	3	2	1	0
Q-40	Desire to develop new and different programs	5	4	3	2	1	0
Q-41	Student program interests	5	4	3	2	1	0
Q-42	Building a specialty not shared by competing institutions	5	4	3	2	1	0
Q-43	Articulating institutional goals	5	4	3	2	1	0
Q-44	Offering a broad, comprehensive program	5	4	3	2	1	0
Q-45	Reaching new student populations	5	4	3	2	1	0
Q-46	Conveying an institutional image	5	4	3	2	1	0

Please indicate which environmental factors were considered in developing your institution's plan using the same scale as above.

		Please circle response					
Q-47	Numbers of traditional age students	5	4	3	2	1	0
Q-48	Numbers of non-traditional students	5	4	3	2	1	0
Q-49	Decline/Growth of competitive institutions	5	4	3	2	1	0
Q-50	Economic trends	5	4	3	2	1	0
Q-51	Government financial policies	5	4	3	2	1	0
Q-52	Government educational policies	5	4	3	2	1	0
Q-53	Student demand for certain majors	5	4	3	2	1	0
Q-54	Availability of faculty to teach in specific fields	5	4	3	2	1	0
Q-55	Changes in technology	5	4	3	2	1	0
Q-56	General goals of higher education	5	4	3	2	1	0
Q-57	Future employment prospects for future graduates	5	4	3	2	1	0
Q-58	Regional corporation needs	5	4	3	2	1	0



Please indicate which of the following institutional resources were considered in the plan and their relative importance in determining the plan. Use the following scale.

- 5 = Considered and Very Important  
 4 = Considered and Important  
 3 = Considered and Somewhat Important  
 2 = Considered, but of little or No Importance  
 1 = Not Considered  
 0 = You do not personally know whether or not the factor was considered

		Please circle response					
Q-59	Number of faculty in low demand programs	5	4	3	2	1	0
Q-60	Ability to raise funds	5	4	3	2	1	0
Q-61	Institutional enrollment trends	5	4	3	2	1	0
Q-62	Strengths/weaknesses of the institution	5	4	3	2	1	0
Q-63	Strengths/weaknesses of the faculty	5	4	3	2	1	0
Q-64	Quality and potential of new program areas	5	4	3	2	1	0
Q-65	Cost per student by program	5	4	3	2	1	0
Q-66	Institutional retention rates	5	4	3	2	1	0
Q-67	Ability to recruit nontraditional students	5	4	3	2	1	0
Q-68	Use of technology to reduce operating and/or instructional cost	5	4	3	2	1	0
Q-69	Ability to monitor student academic interests	5	4	3	2	1	0

#### H. INSTITUTIONAL QUALITY, SELECTIVITY, AND ENDOWMENT

Q-70 Please break down the sources of funds for your institution into percentages.

1	Tuition . . .	_____
2	Government . . .	_____
3	Endowment Income . . .	_____
4	Gifts . . .	_____
5	Other . . .	_____
	Total . . .	100%

Q-71 What is the educational and general cost per full-time equivalent student at your institution? \_\_\_\_\_

For Q-72 to Q-77, please CIRCLE only ONE number.

Q-72 State the size of the endowment of your institution FIVE YEARS AGO.

- 1 Over \$100 Million
- 2 \$51-\$100 Million
- 3 \$26-\$50 Million
- 4 \$11-\$25 Million
- 5 \$5-\$10 Million
- 6 Under \$5 Million

Q-73 State the size of the endowment of your institution NOW.

- 1 Over \$200 Million
- 2 \$101-\$200 Million
- 3 \$51-\$100 Million
- 4 \$26-\$50 Million
- 5 \$10-\$25 Million
- 6 Under \$10 Million

Q-74 Rate the reputation and quality of your institution FIVE YEARS AGO.

- 1 Excellent
- 2 Very Good
- 3 Good
- 4 Fair
- 5 Poor

Q-75 Rate the reputation and quality of your institution NOW.

- 1 Excellent
- 2 Very Good
- 3 Good
- 4 Fair
- 5 Poor

Q-76 Rate your institution's ability to maintain selectivity FIVE YEARS AGO.

- 1 Excellent
- 2 Very Good
- 3 Good
- 4 Fair
- 5 Poor

Q-77 Rate your institution's ability to maintain selectivity NOW.

- 1 Excellent
- 2 Very Good
- 3 Good
- 4 Fair
- 5 Poor

**I. PRESIDENTIAL CHARACTERISTICS**

Q-78 Sex (circle number)

- 1 Female
- 2 Male

Q-79 Age to the nearest year \_\_\_\_\_

Q-80 Highest Degree Earned \_\_\_\_\_

Q-81 Major Area of Study \_\_\_\_\_

Q-82 Length of time as president of this institution to the nearest year \_\_\_\_\_

Q-83 Have you served as president at another institution (circle number)

1 Yes

2 No

Comments \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Postage for the questionnaire is prepaid. Please tape it together and mail.**

**Thank you for your assistance in this research project.**

**J. INSTITUTIONS THAT DO NOT HAVE A FORMAL PLANNING PROCESS**

Since the purpose of the study is to learn more about the planning process in small, private, liberal arts colleges, it is not necessary for you to answer the other questions. Please place a check in front of the statements with which you agree. Any other information about how your institution makes decisions concerning the future would be greatly appreciated.

- Planning is not an efficient use of time because there are too many changes that are unpredictable.
- Planning is intuitive and individual and not objective and group oriented.
- Planning is an outcome of the president. He/She is responsible for planning.
- Other \_\_\_\_\_

\_\_\_\_\_ Other \_\_\_\_\_

Do you predict a change in your planning process for the future? (circle number)

- 1 Yes
- 2 No

Please explain either response \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Postage for the questionnaire is prepaid. Please tape it together and mail.  
Thank you for your assistance in this research project.

APPENDIX B: LETTER TO PANEL EXPERTS

April 3, 1987

Dr. Richard Anderson  
Columbia Teachers College  
525 West 121st  
New York, New York 10027

Dear Dr. Anderson:

I am working on my dissertation concerning planning processes in private, liberal-arts institutions. Since you agreed to be a panel participant in pretesting my questionnaire, I am enclosing a copy of my data collection instrument. This questionnaire will be sent to a sample of presidents of private, liberal-arts institutions with an enrollment of 2,000 students or less.

At this phase of my research, I am particularly interested in your input on the clarity and ease of response in filling out the questionnaire. Please time yourself so that I will have an idea of the time it takes to complete. I would also like your opinion on the questions printed on the loose page labeled Planning Variables. These questions can easily be included in the booklet if the panel feels that they would benefit my study. I am concerned about increasing the length of the questionnaire. My goal is to have a very high response rate. Please comment on the action I should take pertaining to these questions.

Thank you for your assistance in my research study.

Sincerely,

Jann E. Freed  
Assistant Professor of Management  
Central College  
Pella, Iowa 50219  
(515) 628-5306

enc:

Panel Members:

Dr. Richard Anderson, Columbia Teachers College  
President Martha Church, Hood College  
Dr. Robert G. Cope, University of Washington  
Dr. James Morrison, University of North Carolina  
President Robert Shirley, University of Southern Colorado  
President Kenneth J. Weller, Central College

APPENDIX C: LETTERS TO SUBJECTS



CENTRAL COLLEGE



April 27, 1987

Dear President:

Competent studies of small college management are rare. Even rarer, unfortunately, are the occasions when the researcher is a woman seeking a doctorate as a stepping stone in a continuing career teaching business in a liberal arts college.

A few moments of your time will help her, help Central College and help our "sector" in a variety of direct and indirect ways. I hope you'll give it a whirl!

Kenneth J. Weller  
President

April 27, 1987

xxxxx  
xxxxx  
xxxxx

Dear President:

Higher education institutions are facing a challenging external environment that can greatly impact their future. Your instituiton has probably had to address some of the following issues: increasing costs, reduction in financial support, increasing demands for accountability, large tenured faculties, declining enrollment, and increasing competition, to name just a few. However, little research has been conducted to find out how small, private, liberal arts institutions are addressing these issues and planning for the future. Few dispute that a need exists for more research in the planning area.

In order to collect information about the planning process, a sample was compiled of liberal arts colleges in the United States with a full-time enrollment of 2,000 or less. Your institution was included in this sample. If the results are to truly represent small, private, liberal arts colleges, I need your cooperation.

Please complete this questionnaire and return to me by May 20. Should you agree to participate, you may be assured of complete confidentiality. After I have compiled my survey results, I will share with you a summary of the planning methods described by your peers.

If you have any questions, please contact me at (515) 628-6306. Thank you for your assistance in this research study.

Sincerely,

Jann E. Freed  
Assistant Professor of Management  
Central College  
Pella, Iowa 50219

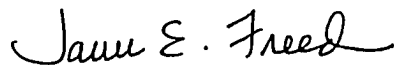
Dear President:

Three weeks ago a questionnaire booklet was mailed to you seeking information about the planning process used at your institution.

My records do not indicate receiving your questionnaire. Please reconsider my request to participate in this study. Because it has only been sent to a small, but representative, sample of institutions, it is extremely important that your institution also be included in this study if the results are to accurately represent the planning processes used in private liberal arts colleges.

I would very much appreciate your assistance in this study.

Sincerely,

A handwritten signature in cursive script that reads "Jann E. Freed".

Jann E. Freed  
Assistant Professor of Management  
Central College  
Pella, Iowa 50219  
(515) 628-5306

**CENTRAL COLLEGE**

PELLA, IOWA 50219

June 1, 1987

xxxxx  
xxxxx

Dear President:

Early in May I wrote to you seeking information through a questionnaire booklet about the planning process used at your institution. As of today, I have not yet received your completed questionnaire.

I have undertaken this study because I believe small, private, liberal arts institutions are a valuable part of our society, but may be vulnerable in the challenging environment in which they operate. It is important to determine how these institutions are deciding their direction for the future.

In order for the results of this study to be representative of the planning processes in small, private, liberal arts colleges, it is essential that each person in the sample return the questionnaire. In the event that your questionnaire has been misplaced, or never received, a replacement is enclosed.

Your cooperation and participation is greatly appreciated.

Cordially,

Jann E. Freed  
Assistant Professor of Management  
Central College  
Pella, Iowa 50219  
(515) 274-2798