

# MANAGING STRATEGIC CHANGE IN CHINESE UNIVERSITIES IN THE TRANSITION FROM ELITE TO MASS SYSTEM OF HIGHER EDUCATION: TAKING GUANGDONG UNIVERSITY OF FOREIGN STUDIES AS AN EXAMPLE

Zhou Fuqiang

Professor, School of English and Education,  
Guangdong University of Foreign Studies, Guangzhou,  
CHINA.

## ABSTRACT

*The paper presents the situation of Chinese teaching-led universities in the transition from elite to mass system of higher education, which characterizes as rapid expansion and increasingly financial decreasing because of budget constraints. It emphasizes the importance of managing strategic change in Chinese teaching-led universities in the transition within the context. The results of this study indicate that the strategic change in Chinese teaching-led universities appears to be environmentally driven. Various factors drive the universities to make system-wide changes. By examining the literature, the paper implies that higher education managers should emphasize strategic thinking, pay special attention to strategic management and be flexible in strategic planning in managing strategic change. Using qualitative inquiry, the paper takes Guangdong university of Foreign Studies(GDUFS) as a case study. It specifies the inquiry with the strategic analysis (mission statements analysis, external factors analysis, internal factors analysis, stakeholders analysis and strategic dilemma analysis and management of strategic change (managing transition, managing transformational leadership, implementation of change and managing the change of culture of the university). It shows that GDUFS has been experiencing the strategic change with its strengths, weaknesses, opportunities and threats. It suggests that the university should enhance the fundamental change of its culture in order to succeed in managing the strategic change in the transition from elite to mass system of higher education in China.*

**Keywords:** Chinese teaching, transition, managing strategic change

## INTRODUCTION

The Greek philosopher Heraclitus said, "There is nothing permanent except change." Change is an even greater reality in contemporary life; it is occurring at an accelerated pace (Toffler, 1970). Higher education worldwide is in the process of rapid change. The world of higher education today is not the world of its origin. Today, change is not a choice for a college or university; it is a necessity. Students have changed, their needs have changed, educational technology has changed, society has changed, business has changed, and government educational policy has changed. Alterations in the external environment force universities to reconsider the way they organized from their traditional governance and management structures through to the way in which they performed their primary activities of teaching and learning. There are at least five causes for rapid change: 1) Rapid development of technology and especially information technology which caused fundamental change in higher education; 2) Rapid worldwide expansion transforms higher education from elite to mass system higher education. The fundamental difference between elite and mass higher education is the difference of supply and demand. Within elite context, students competed for limited chances for higher education, which were funded by government, whereas within

mass higher education context, universities compete for enrolling more students because of rapid decreasing of government funding. 3) Globalization changes the traditional pattern of higher education. 4) Marketisation of higher education becomes the dominant trend all over the world. Change is inevitable. University organizations are restructured and the traditional culture of the university organization is changing. 5) There is evidence that new managerialism and entrepreneurialism have permeated in the universities, especially teaching-led universities, though it has not been introduced by managers themselves. Rather, external pressures such as declining public funding and the rise of an audit culture, have been largely responsible.

Chinese higher education has been expanding very quickly during the past three decades. The on-campus students of higher education institutions in China rose from about 1 million in early 1980s to more than 35 million in 2014. According to Martin Trow's (1973) taxonomy, Chinese higher education is in the transition from elite to mass higher education with the enrollment rate of 37.5% in 2014. Chinese higher education institutions face complex and challenging pressures and opportunities. They must ensure the efficient use of the limited resources and, at the same time, find ways of guaranteeing the long-term effectiveness of the university management. It is essential to identify the strategic change and manage the strategic change effectively in order to achieve the successful transition from the elite to the mass system of higher education. This paper demonstrates the importance of, and need for, the strategic management of Chinese universities in a rapid changing environment that requires higher education institutions to be flexible and to adapt continuously to change. The paper takes the management of strategic change in Guangdong University of Foreign Studies (GDUFS), a Chinese teaching-led university as a case study. How to manage the strategic change and how to implement the strategic choice at the same time sustain the present achievement? The paper analyses the present situation, the desired future and the steps of transition of the strategic change in the university against the background of the relevant literature of managing strategic change in higher education in the world.

## **LITERATURE REVIEW**

The classic text on change is Lewin's (1952) three stages of change, which reflects the essence of the traditional organizational development approach. According to Odiorne (1980), "There is no way we can learn to adapt to change without learning how to manage it" (p. x). This implies a need for management by anticipation, in contrast to unplanned, unmanaged, chaotic change. Rouda and Kusy (1995) define strategic change as the process that makes permanent changes in the organization and addresses the real problems. According to them, it is a paradigm shift -- for major changes to occur, it may be necessary to change the culture of the organization. Cummings and Worley (1997) is a useful and practical text on traditional organizational development and change. For Carnall (1995), managing change is comparable to conducting an orchestra. The role of the change agent requires similar skills to that of the conductor in order to 'energise and motivate, build cohesion, create a sense of pace and timing, and provide a skilled performance while sustaining the performance of others'. The change agent should be able to make decisions; to build coalitions; to achieve action; and to maintain the momentum and effort required for the change initiative. Beckhard and Harris (1987) saw the implementation of a change, such as a new organization design, as the moving of an organization towards a desired future state. They saw changes in terms of transitions. At any time, an organization exists in a current state. The current state describes how the organization functions prior to a change. A change involves movement toward a desired future state, which describes how the organization should function after the change. The period between the current state and the future state can

be thought of as the transition state. In the most general terms, the effective management of change involves developing an understanding of the current state, developing an image of the desired future state, and moving the organization through a transition steps. Implementation concerns the moving of the organization through the transition period. According to Nadler and Tushman (2004), several criteria can be used to judge the effective management of transitions. They suggest that an organizational change can be managed effectively when 1) the organization is moved from the current state to the future state; 2) the functioning of the organization design in the future state meets expectations, or works as planned; 3) the transition is accomplished without undue cost to the organization and 4) the transition is accomplished without undue cost to individual organization members. Amaral and Magalhães (2003) suggest that universities are living a triple crisis of hegemony, of legitimacy and institutional. This crisis is coterminous with the fiscal crisis of the state and the crisis of the welfare state. The loss of legitimacy of the welfare state gave rise to an increasing role of the market and to the change of the university from a 'social institution' to a mere 'social organization' while new managerial values seem to be replacing the traditional modes of academic governance. It is necessary for higher education to be reinvented and for academics to present again the case for higher education. But this needs to be a new case, not a restatement of the former. Pennington (2003) points out that proposed changes can be placed along two scales: radical - incremental and core - peripheral. Plotting the character of a proposed change along these scales can provide a sense of how difficult the introduction of any particular initiative might be and how much 'disturbance' to the status quo it might generate. Radical changes to an institution's or department's core business will normally generate high levels of disturbance; incremental changes to peripheral activities are often considered to be unexceptional and can be accommodated as a matter of course, especially if the group involved has a successful past record of continuous improvement. Pennington notes that, as a general rule, professionals and technical staff will tend to resist changes which are perceived to threaten their core values and practices, and which have a negative impact on individuals and which diminish group autonomy. Pennington suggests that managing change in higher education also has to take account of cultural features such as: the sector's general commitment to collegiality; fuzzy lines of accountability, particularly for academic staff; a general lack of extrinsic rewards to shape behaviour; well developed subject sub-cultures; rotating management/leadership responsibilities. Certain implications for the management of change in higher education institutions arise from these features, namely: the ability to influence is as important as the authority to control; managing tends to be by consent and incremental; decisions tend to be committee-based and generally consensual; the status of potential change agents is often derived from personal credibility and their standing in a subject community and a high value is placed on dialogue and the legitimacy of critique. The management of strategic change in universities, it seems, is essentially a rational task, connecting the new into the old so that what is required is done but the vision of the organization and its task held by those who lead it is somehow sustained.

## **METHODOLOGY**

The research takes the form of an empirical study with a literature review of key theories and concepts on strategic management texts and review articles addressing change management. The data collection procedures used are: (1) An individual taped in-depth intensive interviewing (approximately sixty minutes in length) with the president and some middle managers in GDUFs and a written account by each participant of their understanding of managing strategic change in the university in the transition from elite to mass higher

education. (2) Analysis of documents to which the author were given access. (3) Personal participation in and observation of the management of strategic change in the university is presented. Observational data, especially participant observation, permits the researcher to understand a program or treatment to an extent not entirely possible using only the insights of others obtained through interviews. Patton (1990) believes that the purpose of observational analysis is to take the reader into the setting that was observed. This means that observational data must have depth and detail. The data must be descriptive—sufficiently descriptive that the reader can understand what occurred and how it occurred. The observer’s notes become the eyes, ears, and perceptual senses for the reader.... The basic criterion to apply to a recorded observation is the extent to which the observation permits the reader to enter the situation under study. Practical applications of qualitative methods emerge from the power of observation, openness to what the world has to teach, and inductive analysis to make sense out of the world’s lessons.... It come down to a few basic and simple ideas: pay attention, listen and watch, be open, think about what you hear and see, document systematically, and apply what you learn (Patton, 1990:139)

## **MANAGING STRATEGIC CHANGE IN GDUFS**

GDUFS set up in 1995. In the past ten years, it has experienced fundamental change within the landscape of transition from elite to mass system of higher education in China. The process of change can be divided into three periods. The first period is from 1995 to the year of 2000 during which the university was developed based on the merger of two institutes – the Guangzhou Institutes of Foreign Languages and the Guangzhou Institute of Foreign Trade. This period can be called as grinding and reforming period. The second period is from the end of 2000 to the beginning of 2005, which can be called as reforming and developing period. There were less than 5000 students in 1995 when the merger took place, and the number of students expanded to more than 30,000 in 2015. Government provides only 60 per cent of the expenses of the university. The unit cost of student has been dropping from 18000 RMB per student a year in early 1980s to less than 5000 RMB per student a year in 2014. The university is struggling to maintain the teaching quality with limited resources. In order to

survive the university need to evolve new ways of being (more agile, responsive, entrepreneurial, collaborative, supportive of organizational innovation). The third period will be a frog-jump strategic change period from 2005 on to 2015, according to the mission statements. The strategic vision is to change the university from an elite teaching-led into a mass university strong both in teaching and research achieving successful transition from elite to mass higher education. So gaining a thorough understanding of the educational environment, the university and its culture – knowing the university’s capability to respond to change is a critical factor in deciding whether the changes can be coped with and how they might be handled. Toffler (1985) suggests that for significant change to occur in organizations, three conditions must be present: “First, there must be enormous external pressures. Second, there must be people inside who are strongly dissatisfied with the existing order. And third, there must be a coherent alternative embodied in a plan, a model, or a vision.” (p. 14)

### **Strategic analysis: the Present Situation of the University**

#### ***Mission Statements Analysis***

Mission statements may be seen as the starting point of a strategic analysis. They should be written in a way that will help the process of strategy formation. They should make clear what the university exists for – what it does – who the beneficiaries are, the scope and

boundaries of the university (Horton, 2005). Strategy formation is judgmental designing, intuitive visioning, and emergent learning; it is about transformation as well as perpetuation; it must involve individual cognition and social interaction, cooperative as well as conflictive; it has to include analysing before and programming after as well as negotiating during; and all this must be in response to what may be a demanding environment (Mintzberg and Lampel, 1999: 27). GDUFS has developed its mission statements for managing the strategic change from elite to mass higher education:

We shall carry on our tradition of propagating truths and serving society and manage change with the times— deepening the reform, exploring new ways of operation, and striving to meet the needs of our country’s socio-economic development. We shall consciously follow the law of higher education and make greater efforts in conducting scientific research. We shall make the establishment of new disciplines our first priority and further improve the performance of our teachers and students. And by bringing the teachers’ leading role and the students’ creative spirit into full play, we aim at turning out young talents who live up to our mission “Moral integrity, exemplary behavior, and conversance with both Eastern and Western learning”, and are capable of competing and cooperating in the international arena. We shall do our utmost to become a trailblazer in the internationalization of higher education and make our contributions to the development of the country’s higher education and to the rejuvenation of our great nation (Mission statements of GDUFS, 2014).

The mission statements emphasize continuity between tradition and strategic change. It is important to change with times bearing in mind the valuable tradition. In order to achieve the strategic change from an elite teaching-led university to a mass university strong both in teaching and research, greater efforts in conducting scientific research is emphasized. Being fully aware of our weakness in comprehensiveness, the mission statements prioritise the establishment of new disciplines in the university as well as the performance improvement of teaching and learning. The mission statements also attaché much importance to internationalization of the university. In a nutshell, the mission statements are summarised as “moral integrity, exemplary behavior, and conversance with both Eastern and Western learning”. (明德尚行, 学贯中西 Ming de shangxing, xue guan zhong xi) They are future-oriented, which are based on scrutiny of internal and external analysis of the university.

### ***Internal SWOT Analysis***

SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps change agents to focus on key issues. Once key issues have been identified, they feed into transformational objectives. SWOT stands for strengths, weaknesses, opportunities, and threats. GDUFS is strong competitively in foreign languages teaching and research in linguistics. It ranks as the 3<sup>rd</sup> position in this aspect in China after Beijing University of Foreign Studies and Shanghai Universities of Foreign Studies. It attracts more applicants than any other local universities in Guangdong province because of its high quality foreign and business related courses. As a new university, GDUFS is more flexible, responsive, entrepreneurial, and supportive of organizational innovation and more importantly willing to change. The university is also full aware of its weaknesses. It is not a comprehensive university with limited subjects and is fatally weak in sciences. Because of its short history, the university is not rich in its cultures, which at present are thin and mediocre. It faces severe challenges in resources in terms of knowledge, technology, people, information and funding because of constant rapid expansion. There are plenty of

opportunities for the university along with the rapid change of the external environment and obvious threats because of the complex, uncertain and changeable future.

### **External Environment Analysis**

Scott et al. (2004) cites Scott (2000) in identifying five attributes of the late-modern world. The first is acceleration, the second is simultaneity, the third is increasing risk with the dissolution of collective identities and loci of custom, the fourth is nonlinearity and the last attribute is reflexivity. Scott et al add five more attributes, which are the way power strategies are becoming better understood and better able to be used; reallocation of power bases within society from powerful elites including expert bodies in universities to other sources of authority; the control is exercised at a distance by governing elites; compartmentalization and finally there is a process of commodification in relation to knowledge. These ten attributes serve to distinguish modern societies from late-modern societies, and have had a profound effect on the way universities go about their business. All these attributes are significant processes in the transformation of the university. In turn, the university itself is increasingly being influenced by policy-driven interventions of the state, the new forms of communication, its marginalization from the centre of the knowledge industry and by crises in disciplinarily and professionalism. The general environment is complex, uncertain and characterized by rapid change. It is extremely difficult to read (White, 2004: 164). Change is imposed upon the university by the instability of the environment in which the university has to survive. The university has no choice but to change with its environment or cease to exist. White (2004) warns that the danger of segmenting the external environment into social, technical, economical and political factors is that it removes the element of dynamic change in the system as a whole, freeing the analysis of the interconnections which actually move the process of historical change and underpin the chains of cause and effect which operate across segment boundaries. But in analyzing the general environment, we can figure out opportunities and threats. External STEP analysis is a positive series of sequential steps in developing strategic choice of the university.

In the last three decades, aware of development opportunities brought about in the era of knowledge, the Chinese government has formulated the concept of “*Human Resources Are the No.1 Resources*” and the strategy of “*Revitalizing the Nation by Developing Science, Technology and Education*” and is forcefully advocating idea and system innovations in higher education in order to promote the rapid development of higher education. All these government endeavors aim to transform China from a heavy-populated country to a strong one with notable human resources and to meet the challenges within the context of economic globalization and the rapid development of science and technology. China’s ultimate objective is to make the Chinese nation thrive greatly. Since 1990s, China’s higher education achieved a new developmental period. To quicken the process of transition from elite to mass system of higher education, Chinese government successively issued a series of laws and regulations and documents, e.g. “*China’s Higher Education Reform and Development Outline*” (1993), “*Higher Education Law of the People’s Republic of China*” (1998), “*Action Scheme for Invigorating Education Towards the 21st Century*” (1998) etc. The government is thoroughly implementing the strategy of giving priority to the development of education, using the developmental experiences of international higher education for reference, deepening higher education’s reform in system and accelerating the developmental pace of higher education. In May 1999, the Chinese government made a great decision to expand further the enrolment scale in higher education. Since then, the massification of China’s higher education stepped fast. Through seven years’ expansion in enrollment, the number of students receiving higher education in China’s HEIs amounts to 35 million in 2014. The

gross enrollment rate of higher education is over 37%. China begins to step into the threshold of mass higher education. China has become the largest country surpassing America in world higher education. Such developmental pace is unprecedented.

Chinese higher education developed fast not without problems. The major problem is mainly too much government-driven. Universities have too limited autonomy. In market economy, it is the market, not the governmental plan, which plays the fundamental role in resource allocation and utilization. The labor market plays the fundamental role in human resource development and allocation. In such a system, higher education institutions need to gear their programs to meet the human resource needs of the labour market. This does not mean that all teaching and research should be shaped by market force, but that the human resource needs of the socio-economic development as signaled by labor market supply and demand will be of primary importance to universities. Thus Chinese higher education system, which used to be part of the centrally planned economy, must be reformed (Min, 2002). Willis (2000) comments that massive changes have been taking place in Chinese higher education system, and the system could be described as flexible (increased decentralization), internationalized (cooperations with foreign universities), expansive (more courses) and competitive (competition for students and fees, post graduates and state funding and support; state managed university ranking installed). Additionally, he says that in 2000, the system is more focused on usage of high technology (usage of multi media, high-technology, enabling of distance learning) and it is more business oriented (providing consultancy or short courses). Nevertheless, the state higher education system is still tightly controlled by the government (at the least at the local level). The cultural revolution (1966-1976) led to disastrous damages in Chinese education. In 1977, the university examination was reintroduced, and was followed by reforms which culminated in new developments in higher education. Internally, there was a shift from revolution to economic development, education was seen as the principal part of social reform and development and there was an increasing need for high qualified employees (Kang 2004). Externally, China made a shift from rejection and opposition to study and cooperation, and Chinese students fostered the development of Chinese education by studying abroad. Thus, the state higher education is still in a state of considerable flux and transition

### ***Stakeholders Analysis***

Strategic change has to be managed according to the needs of the various organizational stakeholders. To be successful, Carnall (2003) suggests that strategic changes need to be managed in a way that three necessary conditions for effective change are in place: 1. *Awareness*: stakeholders understand and believe in the vision, the strategy and the implementation plans, etc. 2. *Capability*: stakeholders involved believe they can develop the necessary skills and can therefore both cope with and take advantage of these changes. 3. *Inclusion*: stakeholders involved feel that they value the new jobs, opportunities, etc., and choose to behave in the new attitudes, skills and ways of working (p. 177). From the analysis of the mission statements, the internal and external factors of the university, we can see the university emphasizes the interest of the nation, the society, the students and the teachers who are the stakeholders of the university in managing the strategic change. The university is state-owned university. It expands according to the government policy and changes from elite to mass system of higher education to fulfill the task of government in educating as much as possible qualified people for the country. As the university is mainly funded by the local government of Guangdong province, it caters to the economic and social development of the province, which focuses on internationalization and globalization. The university pays special

attention to the interest of its students who are considered as customers of its higher educational services. The university tries to know what its 'customers' want and need. Student feedback system is emphasized. As an aspect of marketing, brochures and Internet web pages are well designed to attract potential students. The university pays much attention to the characteristics of the students such as their personal goals, abilities, needs, interests and values. The environment, including the physical, academic, social and psychological variables, is also emphasized to fit for students' need. The outcomes resulting from the interaction of the student with the environment are closely examined, as this will have an impact on the student's academic achievement, satisfaction and persistence within the institution. But along with rapid expansion and the reduction in unit cost campuses are becoming more and more crowded and class size is getting larger. Individual tutored time is getting less. Students' complaints are common in the university. As far as teachers are concerned, accommodating the changes has caused high levels of anxiety and demoralization. The intensification of workload has resulted in feelings of ambivalence towards the occupation, constant weariness with working long hours, and a sense of inadequacy and personal dissatisfaction with their own performance. While teachers endeavor to satisfy the demands of increased assessment, administration and accountability, there is an apparent decrease in the service to their students as a consequence. This in turn generates anxiety, stress and guilt for teachers who perceive that their teaching is impeded while also less effective and responsive. The university tries to persuade teaching staff to get used to working with paradox within the context of strategic change. A series of tensions need to be balanced: vision and reality; individuality and collaboration; reward and accountability; value the past and being open to the future. Teacher have to be open to finding new ways of working within the changed environment; new ways of working with their colleagues who are also trying to cope with the changes; and new ways of working with their students.

## **Strategic Dilemmas**

### ***Size of the University And Managing Strategic Change***

According to White (2004), there are advantages and disadvantages in terms of the size of organizations. As for advantages, he presents the argument in favor of the domination of the real world by large organizations; the existence of large fixed costs indicates likely economies of scales; a large organizations is in a much stronger position to gain access to resources of various kinds and procure those resources at a lower price; the bigger organizations may be in a stronger position to influence either the setting of the rules of the game or their implementation and competitive strength is often linked with size. On the other hand, White further presents the argument that large size is a disadvantage. Large organizations are like dinosaurs, destined for eventual extinction. White argues that it is necessary to note that optimum size is a static concept and what is required is a dynamic context. GDUS has been expanding rapidly in the last ten years from less than 5000 students to more than 20,000 in 2005 and it will expand to 30,000 in five-year time according to the strategic plan of the university. How to make full use of the advantages of expansion in size and avoid the disadvantages of the expanding size is a strategic dilemma in managing strategic change.

### ***Internationalization and Localization***

Deem (2001) suggests while emphasizing internationalization (the sharing of ideas, knowledge and ways of doing things in similar ways across different countries) of higher education, more local factors affecting higher education institutions may be under-emphasized. She cites Gibbons (1998) that universities are primarily national or regional

rather than international. As a university of foreign studies, it is reasonable for GDUFS to emphasize the importance of internationalization with the statement “We shall do our utmost to become a trailblazer in the internationalization of higher education” in its mission statements, but the uniqueness of the local characteristics in China as well as Guangdong province should not be neglected.

### **Implementation of the Strategic Change In The University**

Hannagan (2002) defines strategic change as the implementation of new strategies that involve substantive changes beyond the normal routines of the organization. The underpinning rationale for the strategic or transformation model of change is that the environment in which organizations operate is changing, and will continue to change, rapidly, radically and unpredictably. Only by strategic and transformational change will organizations be able to keep aligned with their environment and thus survive (Burnes, 2000). The strategic change facing GDUFS is the change from elite to mass system of higher education. To achieve successfully the strategic change, management of transition should be focused.

### ***Managing the Transition***

Broome (1998) suggests that change and transition are two very distinct processes. Change can be observed, planned, implemented and seen. In contrast, transition takes place as a three-part psychological process, where individuals are moving from one state to another. The three states are letting go with shock and detachment; the neutral zone with defensive retreat and confusion and a new beginning with acknowledgement and adaptation. According to Nadler and Tushman (2004), transition is characterized by great uncertainty and control problems, because the current state is disassembled prior to full operation of the future state. The initial

emphasis in transition management is on identifying a clear image of the future state. It is important to articulate a vision ahead of time and communicate it to people by both a telling and a selling activity. Secondly, there is a need to pay attention to the changing configuration of the organizational system and to develop unique organizational arrangements to manage the transition period. Finally, there is a need to monitor progress through the development of feedback systems. Managing transition to effectiveness demands both learning and changes:

Learning is produced by exploring dilemmas or contradictions. Learning is based upon personal experience and experimentation. People will only learn if they understand the problems and are brought into the process of seeking solutions. Learning can be encouraged in a climate, which encourages risk taking, doing things and trying out new ideas. Learning requires the expression of deeply held beliefs and will involve conflict. Only then can ideas emerge and be properly assessed before being incorporated into new systems, strategies, etc. Learning can be helped by recognizing the value of people and ideas, developing learning styles, which encourage individuals rather than close off discussion (Argyris and Schon, 1978).

The merger of the two institutes in 1995 into a university was top-down political coercive change for the people in both institutes. There was fundamental changing configuration of organizational system in the university compared with the previous institutes. Most of the people were shocked and reluctant toward the change. Anxiety and demoralization pervaded in the university. The former president called it a grinding and reforming period which was full of confusion and uncertainty. Nadler and Tushman (2004) imply that anxiety occurs when people are faced with the uncertainty associated with organizational change. Anxiety may result in a number of reactions, ranging from withdrawal to panic to active resistance. The task of management is to somehow relieve that anxiety and motivate constructive behavior

through a variety of actions. There are four specific actions areas in motivating constructive behavior. One concerns helping people detach themselves from the current state. The second concerns obtaining appropriate levels of participation in planning or implementing the change. The third concerns rewarding desired behavior during the transition, and the final action area has to do with helping people let go of their psychological attachment to the present situation (Nadler & Tushman, 2004). In the past five years, there was a fundamental change in both attitudes and action among the majority of the people because of the implementation of five major reforms characterized with learning and adaptation. The present president calls it a developing and expanding period. From 2005 on, there will be a frog-jump development according to the mission statements of the university. The president emphasizes the transformation of attitudes, systems, strategies, management, teaching, learning and style of leadership to achieve the transition from the elite system to mass system of higher education.

### ***Transformational Leadership For Strategic Change***

Astin et al. (2000) define leadership as a process that is ultimately concerned with fostering change and it is a purposive process, which is inherently value-based. They consider “leader” basically as a change agent, i.e., “one who fosters change.” Leaders, then, are not necessarily those who merely hold formal “leadership” positions; on the contrary, all people are potential leaders. So leadership is, by definition, a collective or group process. They believe that leadership development within higher education system are: (a) to enable and encourage faculty, students, administrators, and other staff to change and transform institutions so that they can more effectively enhance student learning and development, generate new knowledge, and serve the community, and (b) to empower students to become agents of positive social change in the larger society. According to Wildblood (2005), to succeed in putting into place lasting change requires strong leadership, which creates around it a momentum for strategic change. And strong leadership requires great courage, responsibility *and humility*. He argues that leadership involves a combination of elements: establishing the overall direction through vision and the awareness of the changes necessary to bring about the vision; behaving with congruence of action and communication which draws the people of the business into a shared commitment with that vision, and creating and maintaining the confidence and energy to mobilise action to ensure that all the various hurdles in the way of the change are surmounted. A fundamental component of successful organizational change is the *change leader*. Change leaders are found at all levels and most frequently are those who sponsor, manage, and implement change. For Dalaiel and Schoonover, change leaders emphasize action, take charge, and utilize a can-do attitude to “harness and control the potential chaos and distress” brought by change (Dalaiel and Schoonover, 1988). According to Fullan (1993), the cultural leadership role of the head and widely shared leadership responsibilities among the staff are two major factors in the effective management of change. He argues that sustained and effective change in educational institutions entails each individual involved working out her/his own meaning and interpretation. Leaders’ behavior plays important roles in strategic change: first, they can serve as models, through their behavior, they provide a vision of the future state and a source of identification for various groups within the organization; second, leaders can serve as important persons in articulating the vision of the future state, third, leaders can play a crucial role by rewarding key individuals and specific types of behavior; fourth, leaders can provide support through political influence and needed resources and finally, leaders can send important signals through the informal organization (Nadler and Tushman, 2004). GDUFS is organized and governed according to two seemingly contradictory sets of practices. On the one hand, there is a hierarchical academic command structure headed by the president, followed by vice

presidents, deans, and department directors. Although the job titles may be different, a similar hierarchical structure is usually found in the non-academic chains of command (student affairs, fiscal affairs, development, administrative services, etc.). On the other hand, the professional hierarchy is very different: individual faculty members actually enjoy a great deal of autonomy in their work and seldom “take orders” from anyone. Although faculty also participate in the formal governance process by means of collegial structures such as committees, their primary work of teaching and research is individualistic in nature. Faculty “leaders,” in turn, are often those who have gained the most visibility and status through their scholarship. A third model the “collegial” approach exemplified by the faculty committee structure could be included, but such committees are typically advisory in nature and seldom given any real leadership responsibility for policy setting or decision making. In other words, while committees and task forces offer the possibility of collegial or collaborative leadership, in practice these leadership opportunities are seldom realized. A similar combination of hierarchical structure and individualism describes the “leadership climate” for students. Student government and most other student groups are typically organized hierarchically, with a president, vice president, treasurer, and so forth. Under this arrangement, “leaders” are defined as those holding certain hierarchically organized positions, an approach that implicitly dis-empowers most of the other students. At the same time, students tend to emulate the faculty’s individualistic approach by identifying most other “leaders” as those students who either have formal leadership positions or have excelled individually in competitive sports or, less frequently, academics. The actual practice of leadership in the university does not actually match the transformational leadership presented in the literature. How to combine the effort of all the relevant people who are potential leaders to achieve the strategic change? According to Astin et al. (2000), several aspects should be fully understood. First, individual and collective notions about what is true, what is good, what is important, and what is possible must be emphasized, because confronting our most deeply held beliefs is an essential first step in exercising transformational leadership. Second, we should be fully aware that resistance is a necessary part of the change process. But these are the critical times to maintain commitment, to hold firm and practice disagreement with respect and empathy that can, ultimately, move the larger organization toward collaboration and common purpose and help to create a true learning environment. Third, achieving transformational leadership is a never-ending process. Fourth, each one of us has the power and the opportunity to participate in collective work around the practice of transformational leadership. It goes without saying that the success of the strategic change can not only rely on limited charismatic leaders, as Nadler and Tushman (2004) imply that the charismatic leader is a necessary component – but not a sufficient component – of the organizational leadership required for effective organizational transformation. There are a number of inherent limitations to the effectiveness of charismatic leaders. There is a need to move beyond the charismatic leader. Instrumental leadership is needed to ensure compliance over time consistent with the commitment generated by charismatic leadership.

### ***Implementation of the Strategic Change***

Rowley (2001) suggests 11 methods for implementation of strategic change: 1) Using the budget to fund strategic change; 2) Using participation; 3) Using force; 4) Establishing goals and key performance indicators; 5) Working within the human resource management system of the campus to plan for change and to create change; 6) Using the reward system to foster and support change; 7) Faculty and staff development; 8) Working with or changing institutional culture; 9) Working with or moving away from tradition; 10) Developing and using change champions; 11) Building on systems that are ready for or are easily adaptable to

strategic change. Knowing about the challenges and problems as well as the success factors associated with each stage of the change process can increase the likelihood of success (Fullan, 1993). According to Carnall (2003), vision is essential and creativity paramount. Yet the capacity to create systematic plans to provide for the logistics of resources, support, training and people is central to any change programme.

People must be influenced, departmental boundaries crossed or even ‘swallowed up’, new ideas accepted, new ways of working embraced and new standards of performance and quality achieved.... Support must be mobilized, coalitions built and supported, opposition identified and considered. People need help to cope with the stress, anxiety and uncertainties of change. Continuity and tradition must be overturned and yet continuity and tradition provide people with stability, support and meaning and should not needlessly be destroyed. The effective management of organizational change demands attention to all these somewhat conflicting issues and challenges (Carnall, 2003: 226).

### ***Teaching and Learning***

Teaching and learning will be the key concern of the university in managing the strategic change. Fullan (1993) points out that the core culture of teaching and learning is extremely difficult to change, partly because the problems are intractable, and partly because most strategies fail to focus on teaching and learning. According to Fullan, change in teaching for most effective learning requires major transformation in the culture, which is an incredibly complex undertaking. The strategic plan should be communicated effectively and comprehensively to teachers and students. New ways of teaching and learning should be explored and experimented. It is necessary to focus on key concepts and examples that develop knowledge power in each student. There will be a continuing need of revisions of disciplinary curricula emphasizing the knowledge power of the graduate student. There will be considerable investment in the IT basis of teaching and learning with new kinds of electronic libraries, access to teaching resources on a global scale. Interactive network, which will connect the university to a global audience, will be emphasized. It is necessary to plan for a major expansion in the facilities for continuing education and international education. The university will try every possible way to enhance the degree of job satisfaction of teaching staff and the quality of education service to satisfy students’ need and want.

### ***Research***

To achieve the strategic change from an elite teaching-led university to a mass teaching and research intensified university, the university has been developing a future-oriented research strategy. In order to evaluate a faculty member’s research contributions, journals are ranked and weighted, points are assigned and totaled, and the sums are translated into objective, comparable measures of performance. The basic core (such as the base of humanities research) must be maintained and enhanced. There will be more opportunity for the development of interdisciplinary research on major problems. Knowledge transfer should be regarded as an important aspect of core competence of the university, so effective means must be found for bolting on applied research teams in partnerships with organizations outside the university.

### ***Management***

Successful change must involve top management, including the board and chief executive. Change is usually best carried out as a team-wide effort. Communications about the change should be frequent and with all organization members. To sustain change, the structures of the organization itself should be modified, including strategic plans, policies and procedures.

According to Wilson (2000), a university needs a strong internal structure that includes a capability to interact with appropriate elements of its external environment. The central management of the university has a number of key roles: ranging from accounting and resource allocation to the developmental. However, the key internal elements will be the faculties, colleges or departments. Since the university is expanding rapidly into a huge and complex organization, management responsibility for teaching and research (and most key functions) will be devolved to these kinds of units – as this kind of structure is both the most effective as well as the most efficient. The function of middle management should be emphasized. As middle managers (deans, head of department, directors) become increasingly involved in change, they need to learn how to become proactive by developing change from within. Leadership, strategy and critical thinking are no longer simply the prerogatives of the top team. Middle managers provide the link between the senior management and the teaching staff. They can make sure that resources are allocated correctly and controlled appropriately, they can monitor performance and above all they can communicate the strategic view of senior managers to the faculty they are managing. Where implementation was successful, and where significant change in participant attitudes, skills, and behavior occurred, implementation was characterized by a process of mutual adaptation in which project goals and methods were modified to suit the needs and interests of the local staff and in which the staff changed to meet the requirements of the project (McLaughlin, 1976:169).

### ***Strategic Change And The Culture Of The University***

Carnall (2003) argues that strategy may emerge from a succession of ‘choices’, some explicit some implicit and therefore directly a consequence of the corporate culture. The culture of an organization is the beliefs, customs and practices and ways of thinking that are dominant in an organization. A merger often brings about a conflict of cultures, because the two organizations may have different ways of ‘doing things around here’. Transformational leadership try to persuade people to change their set of beliefs and patterns of behavior. Culture can be obstacle of changes. It is important to develop a learning organization so that strategic change can be successfully achieved. Handy (1993) observes that organizations can be classified according to four patterns of culture. The first pattern is called power culture that is like Weber's Charismatic organization. The second pattern of the classification is role culture, which is very much in line with Weber's bureaucratic framework. Mintzberg (1979) refers to this model as the machine bureaucracy. Importance is given to predictability, standardization and consistency. However the role-culture may find it harder to adjust to change. The third pattern is task/team culture. The emphasis is on results and getting things done. Team culture is flexible and adaptable. The final pattern is person culture in which individual is the central point. If there is a structure it exists only to serve the individuals within it. Becher (1988) identifies, from the standpoint of internal university management, four models of academic organizations, which are hierarchical, collegial, anarchical and political. According to him, these models operate in three arenas – front stage, back stage and under stage – each with its distinct sets of values and procedures.

In the context of strategic transition, there are cultural problems in GDUFS. According to the president of the university, some beliefs, values and ways of doing things in the university are becoming obstacles of the strategic change: 1) the notions of some leaders in terms of management, development and strategic change are not fit for the rapid external and internal change; 2) the overall research ability of the faculty can't match the requirement of the mission statements in terms of changing the university from an elite teaching-led into a mass university strong both in teaching and research; 3) present human resources of the university are not fit for the rapid expansion and strategic change; 4) the overall attitude of leaders and

teachers is not well adapted for the strategic change; 5) the level of leadership and management need to improve to satisfy the requirement of the mission statements; and 6) the graduates from the university are not competitive enough to satisfy the need of the society. So the senior managers emphasize hierarchical power culture and task/team cultures of the university. Importance is also given to cross cultural communication and development. Anyway, success in managing the strategic transition from elite to mass system of higher education in the university may rely on the fundamental transformation of its culture. Deal & Kennedy (1982) are very explicit: "The business of change is cultural transformation" and laments most managers who "worry a lot about change, but [neglect] cultural issues of changing" (p164). Horton (2005) cites Dobson (1989) for a four-step approach to culture change: first step, change requirements, selection and redundancy policies to alter the composition of the workforce so that promotion and employment prospects are dependent on those concerned possessing or displaying the beliefs and values the organisation wishes to promote; second step, reorganize the workforce to ensure that those employee and managers displaying the required traits occupy positions of influence; third step, effectively communicate the new values; and fourth step, change systems and procedures, especially those concerned with rewards and appraisal. Schein (1989) advocates a contingency or context-specific view of culture change. Fullan (1993) points out that the change process can be chaotic and that leaders should not expect always to be systematic in their efforts. While planned change - including organized assessment and problem solving - can be useful, leaders often need to be able to cope with more informal, turbulent, and spontaneous change.

## **CONCLUDING COMMENTS**

Strategic change is not just about the creation of policies and procedures to implement external mandates. It is more essentially about the strategies by which individuals respond to the impact of structural and cultural change; about the management and implementation of the strategic change by all relevant individuals; about personal change as much as organizational change. This study has given an account of the overall context of Chinese higher education in the strategic transition from elite to mass system. It has gone some way towards enhancing our understanding of the importance of managing strategic change in Chinese teaching-led universities in the transition from elite to mass system of higher education. The results of this study indicate that the strategic change in the Chinese teaching-led universities appears to be environmentally driven. Various factors drive the universities to make system-wide changes. By examining the relevant literature, the author suggests that managers in universities should emphasize strategic thinking, pay special attention to strategic management and be flexible in strategic planning in managing strategic change. In the case study of GDUF, the author analyzes the mission statements, external factors, internal factors, stakeholders and strategic dilemma of the university. The study has shown that GDUF has been experiencing a strategic change from elite to mass system of higher education with its strengths, weaknesses, opportunities and threats. The author emphasizes the management of the strategic change by focusing on managing transition, managing transformational leadership, implementation of change and managing the change of culture of the university. The author is full aware of the challenge, possible resistance, uncertainty and risk facing the university in managing the strategic change. He suggests that managing strategic change is an ongoing process, which needs unswerving efforts, openness, intense and honest reflection, and opportunities for participation and action by all members of the academic community. As the change from elite to mass system is a system-wide change, incremental and revolutionary changes could coexist. It is recommended that to succeed in

managing the strategic change, the fundamental change of the culture in the university must be emphasized and enhanced.

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