

**Evolutionary Sagas of Three Private Universities in Italy:
Critical Factors in Developing Institutional Responsiveness
to Exogenous Change**

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ABSTRACT -

Although the Italian Higher Education System is composed mainly of publicly funded institutions, it also comprises a small but growing number of non-state universities with full degree awarding powers. They are governed to a large extent by the national regulatory framework but the majority are principally self funding institutions.

The thesis investigates the evolution of three universities in the Italian non-state sector, chosen on the basis of their mission, academic model, governance arrangements and close ties to the stakeholder community as most representative of the new more adaptive and entrepreneurial university model that is emerging in recent higher education discourse. It seeks to identify the factors that are influencing their ability to respond to the demands of a changing higher education environment and to understand to what extent 'privateness' plays a role in their choices of strategic direction.

The investigation is theoretically informed by new institutionalism and considers in what ways private universities operating extensively within a public sector framework balance institutional autonomy, state regulation and market forces. It explores to what extent the influence of these forces is shifting in the new conditions and whether it is leading to greater convergence or divergence of response.

The research is based on interviews with the senior management teams and supported by documentary analysis of institutional history with the aim of enabling each organisational saga to unfold in terms of institutional ability for response in a rapidly changing higher education environment.

The conclusions suggest that responsiveness lies above all in the saga itself and the institutional belief in its ability to respond to the new conditions and that privateness plays a decisive role not only because of greater exposure to market pressures and a greater autonomy to respond but because of a powerful desire to remain relevant institutions.

CHAPTER 1 INTRODUCTION -

1.1 Research interest and choice of topic

I developed my interest in the research topic through my professional practice as a university manager and passionate belief in the role that higher education can play in societal change. For the last fifteen years I have worked in an institution that was established with a distinctive mission for business education in Italy and have been able to observe how it has evolved over time. I have followed the Bologna Process with keen interest and active participation as it has developed rapidly into a powerful driver of change and the strongest European expression of a globalising higher education environment.

My work brings me into close and continuous contact with a wide variety of universities and higher education organisations in Europe and across the world. I have questioned how the different national and institutional contexts and traditions would respond to the new models that are emerging and whether they would interpret the transformations as opportunities or threats. I have observed my own institution's response and reflected on the characteristics and conditions that are more likely to create advantage or disadvantage in an increasingly complex and competitive environment.

As a practitioner in the field, I declare my conviction of the need for reform in Higher Education in Europe, and in Italy in particular. I believe that many of the new mechanisms and instruments, when used sagaciously, can bring benefit to both higher education providers and beneficiaries. I share the belief that each university is now required to make conscious choices for its future and that these choices must be responsive to the new global realities of higher education. I am a firm and committed proponent of the need and value of change in the field.

The focus of this study is on institutional responsiveness to exogenous change and is examined through three case studies of Italian universities that belong to the private sector, or more precisely, the non-state sector. The word 'private' in the context of Italian higher education is used in this dissertation to refer exclusively to the non-state university sector and does not take into consideration private higher education institutions that operate outside the national regulatory framework and without any form of official recognition, either as non-profit or for-profit organisations.

This is an important distinction since much of the literature that has emerged in recent years describes and explores the surge in private higher education providers that operate, whether by choice or by constraint, outside the state-regulated system. Western Europe with its large public higher education sector has not seen the same explosion in private provision and consequently few Western European countries have captured the attention of researchers. While the private universities in this investigation have had different motivations for genesis than the majority of new providers, the recent body of private higher education literature nevertheless provides a useful background to explore their nature and development.

In the broader debate over the privatisation of higher education, the focus is typically on the changing nature of public universities but this inquiry comes from a different perspective and considers to what extent private universities are able to exploit their 'privateness' within a public sector framework. It is the hybrid nature of the three Italian universities, sharing characteristics of both the public and the private sector, that I consider to be worthy of study. They operate within the national legislative framework, subject to the concomitant benefits and constraints, but are also essentially self-funding institutions, sensitive to the needs of a specific stakeholder community. They stand accountable to state and market and in the light of the current belief that universities should develop greater capacity to adapt to their external environment by cultivating more responsive and entrepreneurial behaviour in the way they organise their operations and fund their activities, I believe they represent interesting cases for analysis.

The universities in this study share commonalities and differences. All three share a strong commitment of service to their stakeholder community as expressed in their mission, governance arrangements and educational focus, but also demonstrate differences in their age, size, history, location and resource base. All three institutions are exposed to the same supranational pressures affecting higher education globally, expressed most clearly and pressingly in Italy and Europe through the agenda of the Bologna Process, and are all subject to the same national legislative framework that governs most of their activities, necessarily placing constraints on the range of options available to them. Nevertheless, local characteristics and conditions are present and create space for different interpretations and responses, and the question of converging and diverging behaviours will be an underlying theme throughout the study.

In drawing my conclusions and recommendations, I have considered not only what can be learned for the institutions but whether they have the potential to act as models for change beyond the private sector, and beyond Italy. I have not made any direct comparisons to the state sector or to any other country, since that is not the scope of the study but have based my considerations on the currently expressed belief that the new university should develop structures, processes and values that are more akin to the private sector model in order to ensure greater efficiency and responsiveness to changing societal needs.

In order to carry out the investigation, I have chosen a research design built around case studies that allow each institutional narrative to unfold from genesis to current stage of development in the form of a saga. The historical perspective is built through analysis of institutional documents while interviews with the leadership are used to reveal their understanding of change, and how they seek to position the universities in the new global environment. The evolutionary sagas are constructed as self accounts, narrated through past and present institutional actors.

The research is theoretically informed by new institutionalism whose value as a heuristic device in higher education has already been tested by several authors. It has been used specifically to analyse the nature and expansion of private higher education and has sparked a lively debate as to whether new institutionalism is able to explain this global phenomenon. While the private universities studied in this dissertation fall into a different category from those mainly discussed in private higher education literature, the points raised in the debate over convergence and divergence provide useful constructs to explore the case studies.

There is much discussion as to whether the new environment is producing greater diversity or greater homogeneity in higher education and most of the studies suggest that both phenomena are present to varying degrees according to the conditions in the various contexts. I have used new institutionalism as a theoretical lens to understand how the universities are interacting with and responding to the growing and shifting forces in the new environment and to understand how the juxtaposition of isomorphic and diversifying forces are impacting on their evolution and their ability to respond.

In particular, I have explored the diminishing role of the state as a major coercive isomorphic force in the light of emerging supranational drivers that call for greater institutional diversity, and I have examined how this particular shift is impacting on the nature of response developed

by each of three universities. In doing so, I have sought to make a contribution to the debate on the validity of theory by highlighting outcomes in this investigation that may question some of the assumptions.

In exploring the evolution of three private universities in Italy and their responses to a changing higher education environment, the conclusions suggest that the saga in itself is a powerful tool for responsiveness creating the institutional conditions to embark on a change process and that privateness plays a decisive role not only because the institutions are more exposed to market pressures and enjoy greater autonomy to respond, but because they are driven by a fervent desire to remain relevant to their stakeholder communities. Responsiveness is key to their sustainability.

1.2 Structure of the dissertation

Following this introduction, Chapter Two examines the relevant literature and is divided into four sections. The first section provides an overview of the global phenomenon of privatisation in higher education, the second section examines the definitions and classifications of private higher education in the current literature and the third section explores the emergence and nature of the Italian private sector in the context of the Italian Higher Education system and its response to change. The fourth section looks specifically at the institutional context and considers how universities might manage a process of change in order to adapt to the new conditions. The chapter concludes with a presentation of the research questions that emerge from the Literature Review.

Chapter Three discusses the design and methods chosen for the investigation. It explains why case studies were identified as the most appropriate means to build the narratives and also introduces the organisational saga as a construct to understand the uniqueness of each institutional response. It describes how the cases were developed through two stages of interviewing and illustrates why a more traditional interview method for information gathering was combined with realist interview techniques to verify the sagas.

Chapters Four, Five and Six recount the sagas of the three universities from their genesis to present day and analyses their responses to change around four key institutional tools of mission, strategy, governance and culture. Chapter Seven makes a comparative analysis of the three cases in response to the two main research questions. It proposes some

recommendations for the institutions as well as for a wider sector and discusses implications for new institutionalism. Chapter Eight is a reflection on my own journey through the DBA, what I have learned from the experience and how it has informed my professional practice.

CHAPTER 2 LITERATURE REVIEW

As outlined in the previous chapter, the literature review provides an overview of privatisation in higher education, investigates the current definitions and classifications of private higher education, examines the emergence of the private sector in Italian Higher Education and explores ways in which individual institutions might develop and manage a strategy for change in response to the new environment. It concludes with a definition of the research questions.

2.1 The 'private' phenomenon

The last thirty years have witnessed a global explosion in private higher education to the extent that it is now estimated to represent an astounding one quarter of higher education enrolments worldwide, and while Western Europe remains one of the few world regions with a very modest private sector, even here the trend towards an increase is evident (Altbach 1998, 1999; Duczmal 2006; Levy 2006; Enders and Jongbloed 2007). Wherever and in whatever form and conditions private provision develops, it appears to demonstrate the ability to respond rapidly to new and changing societal demands, often stepping into gaps left by governments that are unable, or unwilling, to fund higher education expansion (Altbach 1999; Levy 2006).

However, privatisation of higher education is gathering force throughout the world not only via the growth in private providers, but also through the introduction of private aspects into higher education systems, including a greater mobilisation of private resources, with far-reaching consequences on the way in which higher education is organised, managed and funded. These changes are leading to a blurring of differences between the once distinct sectors of public and private higher education, and there is a shift to a more favourable consideration of private universities which creates the potential for them to act as models for the new hybrid public university (Geiger 1988, 1991; Altbach 1999; Enders and Jongbloed 2007; Marginson 2007).

The privatisation of higher education as a worldwide phenomenon is but one expression of the ubiquitous infiltration of globalisation into all aspects of society. The drive to re-invent higher education is directly linked to the emergence of the knowledge society and universities are called upon to make a key contribution to competitiveness through the provision of 'relevant qualifications', 'employable graduates' and 'innovative and transferable knowledge' able to

meet the constantly changing and increasingly diverse economic and societal needs (Vaira 2004).

2.1.1 Institutional Entrepreneurialism

Governments are undertaking the shift to privatisation from the need to identify alternative income sources to fund the growing demand for higher education, but also in the belief that a stronger market orientation, achieved generally through decentralisation and deregulation, can generate greater innovation and diversity in the system and make higher education more responsive to society and the economy (Teixeira et al 2004; Enders and Jongbloed 2007; Van Vught 2007).

As the state shifts away from central control to a 'steering at a distance' model with more market type mechanisms to coordinate and regulate activities in the sector, its traditional relationship towards higher education institutions is altered with far-reaching consequences on how the universities operate. They are expected to become at once more autonomous in their management, organisation and financial arrangements and more accountable for their output and use of allocated resources (Sporn 1999; Enders and Jongbloed 2007).

Universities that once relied almost entirely upon state funding for their operations now face a reality in which public support is constantly decreasing and available funds are allocated according to private sector formulae linked to performance outcomes and on a competitive basis (Neave and Van Vught 1991; Vaira 2004; Enders and Jongbloed 2007). In order to meet their expanding financial requirements, universities are expected to develop income generation ability and tap into private sources of funding to raise the necessary capital to support their operations through commercial exploitation of teaching and research as well as greater external engagement with a range of constituencies in both the private and public sector.

However, there are inherent tensions in the new arrangements for while universities are expected to adopt more business-like rationales and develop entrepreneurial modes of behaviour and strategic capability (Sporn 1999; Teichler 2004; Vaira 2004; Nokkala 2007), the state as 'market regulator' (Scott 1998) and 'evaluator' (Neave 1998) still retains significant control through increased accountability measures for more efficient and effective use of funds (Marginson and Rhoades 2002; Vaira 2004). The new models of performance evaluation are often superimposed onto the more traditional existing national legislation placing

contradictory pressures on the institutions through “*messy combinations of state, market and self regulatory instruments*” (Enders and Jongbloed 2007:64).

The application of private sector principles of efficiency and effectiveness for organisation, management and finance alters not only institutional structures and processes but also changes the culture significantly as the traditional academic model of collegial control shifts towards the rationale of professional management with academic activities increasingly subject to internal and external evaluation for performance measurement, quality improvement and resource allocation (Sporn 1999; Teichler 2004).

The academic community is expected to become entrepreneurial in teaching and research, not only for the purposes of identifying new sources of income but also for institutional positioning (Deem 1998; 2001; Sporn 1999; Teichler 2004). These changes have led to much heated debate in the academic community over the loss of core academic practices and historical values (Vaira 2004) and there is strong criticism of what is termed managerialism (Deem 1998; 2001) and academic capitalism (Slaughter and Leslie 1997, Gumpert 2000).

2.1.2 *New paradigms of competition and co-operation*

“Internationalisation is changing the world of higher education and globalisation is changing the world of internationalisation.” (Knight 2008:1)

The changes are driven by the emergence of new competitive pressures at different levels. Governments introduce competitive dynamics as a means for more efficient use of restricted public funds, but universities are also competing with one another for alternative income sources in the private arena. They face increasingly tough competition not only within their own more traditional but changing public sector, but also from new private and non-traditional providers such as virtual, corporate and for-profit universities with stronger market orientation and greater capacity for cross-border operations (Scott 1998; Davies 2001b, 2001c). Competition in higher education is emerging as an international phenomenon and universities compete not only for income from student fees or research grants but increasingly for prestige. Strategic international positioning becomes critical as universities seek to develop the capacity to attract the best talent in a global market for student recruitment and academic labour (Scott 1998; Sporn 2003).

Internationalisation has become a key institutional response to globalisation and in Europe it is evident that it is shifting in its role and scope from a marginal activity of exchange programmes and co-operation to a more strategic approach with an increasingly economic rationale (Van der Wende 2001). The Bologna Process and emerging European Higher Education area are not only transforming the substance and structure of the systems and institutions but are also stimulating competitive behaviour within Europe (Enders and Jongbloed 2007).

This has led to a new trend among European universities to exploit their strength and tradition in co-operation and transform it into competitive advantage (Enders 2004) whether in the form of international alliances, partnerships and networks that enable the universities to enter market niches and position themselves globally (Van der Wende 2001) or by developing consortia with locally based industries to make a contribution to international competitiveness in the region (Davies 2001b, 2001c). While institutional strategies for internationalisation begin to emerge in the new European landscape, the speed and pattern vary considerably as not all institutions are equally placed within their national systems to respond to the changes (Reichert and Wächter 2000).

2.1.3 Path dependencies

An inability or an unwillingness to respond quickly to the new environment may lie within the institutions themselves but the constraints placed upon them by the national context will inevitably have consequences on their capacity to change. Universities operate in resource dependency regimes (Pfeffer and Salancik 1978; Marginson 2007) and if the national system, caught up in its own path dependency of historical legacy and practice (Krücken 2003), is slow or unwilling to change it will present significant challenges for the individual institution seeking to embark on a process of transformation and yet “*locked into its national context*” (Scott 1998).

The model proposed in Europe by the Bologna Process is one of autonomy and diversity which calls for new relations between the state and the institutions; although how this will be interpreted by national higher education policy will depend on the context of each country (Nokkala 2007). There are national systems that struggle to introduce effective Bologna reforms because they have failed to cope with the earlier challenges that emerged with the explosion of demand for higher education in the last fifty years (Van der Wende 2001). Universities that are locked into such environments will be less supported by their national

systems and are required to make a much greater institutional effort to take advantage of the emerging opportunities or face the new challenges.

Their ability to make that greater institutional effort will depend significantly on their own historical legacy and how their historically developed practices and identities enable them to interpret and respond to the new challenges (Krücken 2003). This crucial aspect of historical accretion of identity and sense of purpose will be developed later on through the concept of the saga.

2.1.4 Concluding remarks

The 'private' phenomenon, whether in the form of new private providers or through the new legitimisation of higher education injecting private aspects into the management and funding of higher education systems, is generating profound and incontrovertible change in societal perceptions of the role and purpose of universities and is moving the university mission, organisation and activities toward a more entrepreneurial model that is able to operate in more market-like conditions.

The changing environment suggests that the new conditions should be more conducive to private universities, typically more autonomous in their management, less reliant on state support for their funding and thus more likely to become responsive to change and entrepreneurial activity. This suggests that as the divide between public and private sectors blur, successful private universities have the potential to become examples of best practice for the new university model. It is important to define what is meant by the term 'private higher education'. The next section explores the various definitions that have emerged in the literature and considers their relevance and applicability to this study.

2.2 Attempts at defining private higher education

The various attempts to describe private higher education in the recent body of literature highlight its heterogeneous nature, for while there is a global trend towards expansion, private higher education emerges for different reasons in the different national contexts and consequently produces wide variations both in institutional nature and purpose.

2.2.1 Private higher education and the national context

Private higher education is broadly defined by Geiger (1986;1991) as all post secondary institutions that are not owned and controlled by government. However, while they are often designated as 'free' or 'independent', their autonomy is frequently constrained by state attempts to integrate them in varying degrees into the national regulatory framework for purposes of quality control.

State recognition can bring advantages such as the status of awarding officially recognised degrees or access to public funding but at the same time it will inevitably bring with it a requirement of accountability (Geiger 1986, 1991, 2007). 'Privateness' is thus defined as the "degree of discretionary behaviour" in terms of independence of control or availability of funding that enables the institutions to fulfil their specific mission and retain their distinctiveness (Geiger 1991:233).¹

2.2.2 International classifications of private higher education

The classifications that have emerged in recent decades have focused on state stance in terms of funding and control and have considered how this has resulted in a range of policies influencing the size and nature of the private sector as well as the level of quality or degree of diversity² that it will bring to the system (Geiger 1986; Levy 1986; Zumeta 1992, 1996, 1997). Possible state policies have been described as laissez faire, central planning and market competitive (Zumeta 1992). State funding models have been described as statist, public autonomous, homogenised and distinctive (Levy 1986) while the different sector typologies have been labelled as mass, parallel and peripheral (Geiger 1986). (See Appendix A)

A number of common assumptions emerge as to how private higher education comes into existence and what contribution it can make to the system. Quantity may be an outcome of laissez-faire policies with low funding allocations to the private sector and in conditions of higher education demand exceeding state provision. The private institutions that emerge tend to be low quality and non-selective. They are driven by tuition fees and seek their legitimacy

¹ While they are not of any direct interest to this study, it is worthwhile mentioning a worldwide growing trend of for-profit universities operating as multinational organisations and which also fall under the general label of private higher education (Altbach 1999; Levy 2006).

² Diversity as defined by Huisman (1995:51) is a variety of entities at a specific point in time, in contrast to differentiation which is defined as a dynamic process when new entities emerge.

primarily from the labour market. They bring a form of diversity to the system but with only restricted resources they are unlikely to bring any real innovation (Geiger 1988;1991). It is principally this type of demand absorbing institution that is driving the current global expansion and that tends to dominate the current literature.

Quality can be an outcome of a central planning policy with a homogenised funding model where the state seeks to monitor standards through a combination of regulation and financial allocations. However, single national standards and reliance on government support will tend to reduce diversity in the system and make the institutions less willing to innovate and less responsive to change. In such conditions, even those private institutions founded with distinctive missions are likely to lose distinctiveness over time and become less sensitive to the needs of the original stakeholder group as they become increasingly integrated into the state regulatory framework (Geiger 1991).

Diversity is likely to occur when the private sector remains peripheral since the institutions have to retain a strong sense of purpose and identity to survive in a state-dominated system (Geiger 1988, 1991) or in the market competitive model where the state grants extensive autonomy to both sectors and injects private-like measures such as performance-based funding to stimulate competitive behaviour. However, since greater autonomy will be accompanied by some form of accountability in order to ensure equal standards of quality across the system, diversity and innovation may be reduced over time as private institutions choose, or are forced, to align with the public sector (Geiger 1991; Levy 2006).

There is much variation world-wide in the state stance towards private provision and in the nature of private higher education that emerges, but the various classifications suggest that if private higher education is to flourish and make a contribution of both quality and diversity to the system, ideal conditions are low regulatory constraints and high levels of funding (Geiger 1988, 1991; Fried et al 2005).

Other classifications that have emerged are based on precise historical and local contexts and show wide variation in categories as in Geiger's (1986) classification of the U.S. private sector into three groups of research universities, liberal arts colleges and urban service universities or Altbach's (1999) classification of elite research and liberal arts, religiously affiliated and proprietary. Levy's (1986) classification for Latin America distinguishes three types

corresponding to three waves of private sector growth: religious, elite-secular and demand absorbing.

Rapid transformation of the higher education market and the dramatic explosion of the private sector in the very particular conditions of Eastern Europe have led to classifications that seek to explain the phenomenon. Tomusk's (2003) classification of three categories identifies institutions created to challenge remnants of communism, universities seeking to offer new forms of organisation, programmes or degrees and profit-seeking, demand absorbing universities (independent or affiliated with public universities). A classification for Russia produces three typologies of "private proper" (private organization or business initiative) "person-only" (established by individuals), "public university proximate" (set up by state universities) and hybrids of various configurations (Fried et al 2005).

2.2.3 Private higher education in Western Europe

Western Europe represents a special case in that the strong presence of national regulatory frameworks in private provision has led to the emergence of a private sector that often sees itself as having a public mission (Tomusk 2003). Moreover, in the typically central state dominated systems, private sectors in Western European countries have remained almost exclusively peripheral, despite a recent trend of steady growth (Levy 2006), with the universities coming into being generally as a reaction to "*perceived homogenisation or to some stultification of the state sector*" (Geiger 2007:141). This specific context has meant that they have often come into being with both a distinctive mission and an aspiration of academic excellence (Geiger 2007).

A recent comparative analysis of private higher education in 13 European countries (spanning West and East) in relation to the Bologna Process revealed the variety of regulatory frameworks and local responses and highlighted a broad 'continuum of privateness' that was more complex than a simple East-West divide. It indicated substantial differences such as exclusively for-profit private universities in the Ukraine but exclusively non-profit in Turkey and Romania, or distinct public and private sectors in Austria but comparable sectors in Italy (Fried et al 2005).

The study created a classification for Europe, based on Levy's classification for Latin America, made up of two main categories of private higher education provision according to degree of admission selectivity. While access emerged as the main category present in Eastern Europe,

elite provision dominated in the Western European countries examined. Elite provision has two sub-profiles of opportunity, referring to the renewal of the country's elite based on academic achievement, and of exclusivity, referring to the reproduction of the existing elite.

Common characteristics of elite providing sectors other than high selectivity in admissions processes (either through academic merit or financial ability to pay fees) were identified as an enrolment quota of around 10% of the total student population, quality of education provision on a par with the public sector and a mix of public and private funding, in the context of stable yet flexible national legal frameworks. The study also highlighted how individual institutional profiles may be different from the reputation of the national sector (Fried et al 2005). (See Annexe A).

2.2.4 Defining 'privateness'

Although the conditions framing private higher education will vary considerably according to the different national contexts, international studies have identified seven dimensions of difference that are typically present in private institutions (Geiger 1986; Levy 1986, 1992; Altbach 1999; Bernasconi 2004; Fried et al 2005). The dimensions of funding and control emerge as critical and institutional mission will also have significant impact. All three will influence the other four dimensions of scope, size, clientele and location and all seven will vary according to both state stance to private provision and institutional capacity for development.

Private higher education institutions will typically have a narrower mission more oriented to a clearly identifiable set of values or beliefs and may be linked to a distinct stakeholder community. These factors will influence the range and focus of the programmes. While the more commercially oriented institutions will have a strong focus on the local labour market and seek legitimacy by demonstrating the employability of their graduates, the more prestigious will nurture the ambition and international recognition of their academic excellence (Geiger 1991; Levy 2006).

Financial means will also play a decisive role in defining scope of functions as well as institutional size and capacity for expansion. While some private higher education institutions may have access to government subsidies or be able to secure other funding via donations and endowments, the vast majority rely overwhelmingly on tuition fees as their main source of income, and even in the face of increasing demand, they are restricted to selecting only those

students who can afford their fees unless they are able to identify funds for the provision of scholarships or financial aid schemes (Levy 1986, 2006; Geiger 1985, 1986; Altbach 1999).

These financial restrictions mean that many tend to focus on inexpensive, market-driven undergraduate programmes and are typically located in cities for closer access to student and stakeholder markets. Research, if undertaken, is likely to be of a commercial nature. It will be difficult for the universities to invest in full-time academic faculty, but precisely because they are located in urban areas, they are often able to exploit the presence of public sector institutions and offer short term contracts to their academics (Levy 2006).

However, if they wish to achieve high academic standards and status, or position themselves internationally, they are forced to find additional resources either through government subsidisation or through significant support from their stakeholder community (Geiger 1985; Bernasconi 2004; Levy 2006), which in addition to finance can also provide structural resources, access to student markets and human capital (Geiger 1985). Privatness is considered to increase in those institutions that are most reliant on private income sources (Fried et al 2005).

Funding is intricately linked to governance. Private institutions are associated with lower levels of government control and where they operate in conditions of a heavily regulated framework their privatness will be diminished (Fried et al 2005). Those institutions that are part of a national framework may be exposed to tensions in providing accountability both to the state and to their stakeholders (Levy 2006).

Institutional governance structures are typically more centralised and hierarchical with power invested in a Board of Trustees and Senior Management group rather than in the collegial structures of academic decision-making bodies, resulting in different dynamics and processes of interaction. It will often imply stronger accountability to the private interests who either own or finance the institutions and may also bring with it a loss of autonomy in internal affairs. The more prestigious institutions will have greater collegiality and higher complexity of functions with their Boards more demanding of them to act increasingly as creators of useful knowledge rather than simply providers of skilled labour for the local market.

A study on the contribution of affiliation to diversity in private non-profit universities in Chile examined whether mission, functions, finances and governance were influenced by affiliation and whether the affiliation offered greater capacity to develop and sustain unique institutional

features over time (Bernasconi 2004). Results of the study showed that the affiliated universities preserved distinctive mission statements consistent with the orientations of their sponsor institutions (religious organisations, business concerns or philanthropic foundations) that saw in the universities an opportunity to further extend their original missions. The sponsor institutions sustained the universities through financial and structural support but also provided a sense of identity and legitimacy that avoided the risk of drifting over time into non-distinctiveness. Compared to the non-affiliated universities in the study they tended to be smaller and with better qualified and more full-time academic staff, often sourced through the network of affiliation (Bernasconi 2004). (See Annexe A)

2.2.5 Concluding remarks

Private higher education emerges as a loose term and develops in different forms and for different purposes in the different national contexts. State stance will heavily influence the nature of private higher education and whether it emerges to provide more, better or diverse education within the system. Western Europe is characterised by a strong presence of national regulatory frameworks that have led to the emergence of a peripheral but essentially analogous private sector that identifies with a strong sense of public mission.

While quality may be on a par with the public sector, it is unlikely in such conditions that the private sector will introduce any significant diversity, unless new drivers emerge that are able to contrast the power of the state in determining the operating environment. Privatness is defined as the degree of discretionary behaviour that individual institutions enjoy in fulfilling their goals and creating appropriate modes of operation. The less reliant institutions are on the state, either via regulations or funding, the more private and more diverse they are likely to become.

While the various definitions and classifications are often context-specific, they provide useful terminology to consider the private or “non-state” sector in Italy. The next section starts with a brief presentation of the nature of Italian Higher Education and then considers the emergence of the private sector and its contribution to the system.

2.3 Italian Higher Education and the nature of the private sector

In order to understand the nature of the private sector in Italy, it is important to set it in the

context of the Italian Higher Education System and consider not only the state stance to private provision but also its ability to respond to a changing environment.

2.3.1 Systemic tradition of central planning and uniformity

A highly centralized and uniform model of higher education established at the time of Italian unification in the second half of the nineteenth century has persisted over the decades despite societal pressures for decentralization and diversification since the 1960's. Internal pressure groups have had only very minor impact in pushing through reform measures for greater institutional autonomy or a wider variety of educational provision and it has only been through exogenous drivers, expressed principally through the Bologna Process, that any headway in reforming the system has been achieved in recent years. Even this pan-European reform process continues to encounter strong internal resistance from a powerful and conservative academic community that is able to influence political direction and take advantage of the inefficiencies of central planning policies and the often unstable and frequently changing political environment (Moscati 1991; Luzzatto 1996; Moscati 2002; Vaira 2003 a,b; Boffo et al 2003; Woolf 2003; Luberto 2007).

The lack of any significant degree of institutional variety or genuine university autonomy has acted as an effective barrier to change by removing any 'institutional space' for bottom-up innovation or experimentation (Luberto 2007). Tertiary education is provided almost exclusively by universities (alongside a small non-university sector mainly in arts, music, sports education and a small number of very specialised fields that also come under the jurisdiction of other ministries) and until the Bologna Process reforms the dominant qualification was the one tier, long cycle, traditional academic degree known as "*laurea*" with an official length of four to six years, although actual length was significantly longer and wastage rates were extremely high. Over 60% of students did not complete their studies and often less than 10% completed within the official length.

University degrees are awarded "*valore legale*" (legal validity) by the Italian Ministry for Education, Universities and Research (MIUR) which has strict control over curricular content, credit weighting and academic ratios. Consequently, Italian universities have tended to see themselves as accountable to the Ministry in a legal and administrative sense of meeting requirements, and have remained isolated from the exigencies of external stakeholders or a changing environment (Capano 1998, Luzzatto and Moscati 2007).

Where reforms for greater diversification and decentralisation have been introduced, the universities' approach has often been one of compliance with the concomitant risk of cosmetic change rather than any significant shift in the traditional structure and culture of the institutions (Meyer and Rowan 1977). This has been apparent in the recent implementation of the Bologna reforms.

2.3.2 Italian higher education response to a changing environment

Italy acted uncharacteristically as a "first mover" and a landmark reform to redefine the Italian Higher Education landscape according to the Bologna principles was brought into force in 1999. Its objectives were clear: extend institutional autonomy and introduce a Bologna-compatible degree structure, credit system and quality assurance system. The expected outcomes were greater efficiency through increased enrolments and reduced wastage rates, enhanced graduate employability and improved access to the European Labour Market (Guerzoni 2001; Luzzatto and Moscati 2007).

The reform swept away the traditional "*laurea*" and replaced it with a two-tier structure (a three-year bachelor level "*laurea*" and two-year master level "*laurea magistrale*" that was introduced across all universities in September 2001. A credit system that was fully compatible with the European Credit Transfer and Accumulation System (ECTS) was to facilitate a more student-centred approach in curricular design as well as to encourage student mobility and foster the development of lifelong learning opportunities. The first national evaluation system coordinated by a national committee with local university units was set up.

However, despite the far-reaching changes in tools and structures, centralisation has continued with the Ministry retaining significant control over content and severely limiting institutional discretion to characterise programmes (Moscati 2002; Luzzatto and Moscati 2007). Compression and fragmentation have often characterised the new degrees. In designing the new programmes, the academic tendency was often to compress the old four-year degrees into a three-year package, known as the '*bonsai*' effect (Luzzatto 2002) and fragment programmes into many modules. Interaction with employers to design new courses in line with labour market needs was limited principally to those disciplines that already had some form of vocational tradition.

Compression and fragmentation have often been accompanied by proliferation. The number of degrees doubled from 3,234 in 2001/2 to 5,734 in 2006/7 in conditions of a stable or

declining student population. This trend has been accompanied by a burgeoning of branch campuses and new universities and an increase in the number of academic positions with a 50% increase in full professors (CNVSU 2008).

The outcomes suggest that many institutional responses to the reform were made more according to the traditional logic of academic interest rather than any attempt at interpreting the spirit of the reform or innovating educational design (Luberto 2007; Luzzatto and Moscati 2007). The higher education system still suffers from a lack of effective accountability able to influence institutional behaviour and the quality assurance system introduced under the reform package acts more as a data collector, devoid of any tools to assess and reward university performance (Perotti 2002; Vaira 2003 b) .

Consequently, successive governments have intervened with several 'reforms of the reform' in an attempt to correct the distortions. Restrictions on content have been relaxed in favour of greater institutional discretion but credit requirements and academic ratios have been tightened in an attempt to control proliferation. The most recent law in 2009 cuts back the overall budget for the sector but also aims at modernising the system through greater meritocracy.

Performance-based funding (7% of total budget) has been introduced according to new criteria for the reward of quality and efficiency in teaching and research. The overall number of new academic positions has been cut back, but universities who perform well will be allowed to hire more staff, while those universities that overspend their annual budget will be subject to a hiring freeze. Transition towards a more autonomous model of quality assurance in line with European guidelines is currently under review.

The reform also proposes to further extend institutional autonomy and modernise governance by granting public universities the option to become private foundations, although there is still little detailed information available on what this would entail. It would certainly imply a radical shift away from a traditional inward-looking governance model that is still typically centred on disciplinary rather than institutional interests and with very limited external representation (Boffo 1997).

Although there have been many attempts at changing legislation to improve the system, recent results appear disheartening. Despite an initial increase in student numbers, that then

stabilised around 1,800,000, enrolment levels decreased by 3% in 2006/7. Completion times and wastage rates that seemed to be improving in the early years of the reform are slipping back to pre-reform levels. These trends suggest that structural dysfunctions still persist throughout the system and are hampering reform efforts (CNSVU 2008). The only constant upward trend has been in the numbers of institutions and programmes that continue to offer a model of “more of the same” rather than any genuine diversification in institutional profiles or portfolios.

Reactions to the reform in the academic community have varied from willingness in fields such as economics, engineering and sciences to experiment with the new system to outright hostility in the humanities and in particular in the “*guilds*” of law or medicine (Boffo et al 2003). Powerful professional and academic law lobbies have already been successful in forcing the Ministry to revert to a single 5-year degree and have managed to ensure that around 80% of the curriculum is fixed at central level, effectively quashing any attempts at institutional autonomy or innovation. There is fierce criticism among many academics that the reform has lowered overall quality and that the new degrees are excessively market-oriented (Vaira 2003b).

Centralised control based on legal homogeneity of qualifications creates a cumbersome model that makes the shift to diversity and autonomy a slow and laborious one (Neave 1996; Luberto 2007). The Italian state promotes autonomy in its reform measures but imposes regulations that encourage uniformity and rigidity, while the universities resist top-down reforms but appear unable or unwilling to generate any bottom-up change from within. Neither the state nor the institutions appear to be able to place the context of the reform beyond their own borders and embrace an agenda for change within the emerging European Higher Education Area (Berlinguer 2008).

2.3.3 The private sector in Italian higher education

Within a system of “legal homogeneity”, there is nevertheless a degree of diversity represented by the so-called “non-state universities”, also known as “*università libere*” (free universities). They are non-profit organisations that are officially recognised by the Ministry for Education, Universities and Research (MIUR) and enjoy the same full degree awarding powers with identical legal validity as in the state sector. State recognition imposes essentially the same legislative requirements upon the non-state universities. They have less financial accountability by virtue of their funding structure but are subject to the same quality

assurance and performance measurements and compete on a par with the state universities in bid processes for research funds. They are bound by national legislation for the hiring of tenured academics and are required to respect centrally-imposed academic ratios for degree programmes which increase their fixed costs.

The principal differences reside, as identified in the literature on private higher education, in funding and control. They are essentially self-financing institutions, with their main private source of income deriving from tuition. In recognition of their public service, they receive a small contribution from the state higher education budget. However, those non-state universities that are supported by local authorities will receive a greater proportion of public funds, more in line with the state sector. They are independent in the acquisition and maintenance of physical plant and enjoy greater autonomy in recruitment of administrative and non-tenured academic staff. Their internal governance arrangements differ from the state sector in the degree of external stakeholder involvement and type of decision-making structures that are typically more accountable to their sponsoring bodies.

The Italian non-state sector is heavily regulated and its degree of discretionary behaviour is significantly reduced with only minor margins of greater autonomy in comparison to their public counterparts. The Italian state stance to private higher education has been to incorporate the non-state universities through a process of standard accreditation to ensure quality across the system. Legal validity confers the advantage of legitimacy but diminishes diversity as the universities are forced to comply to central requirements.

However, the Italian model is a particular one in that extensive regulation has not brought with it an equal distribution of funding. While the universities may be constrained by the legislation, they are forced to ensure their own financial sustainability. While the state policy has been one of using the non-state sector to provide 'more' rather than 'diverse' education, the individual universities choose to expand in response to market rather than state pressures, and financial independence may or may not encourage greater diversity since not all non-state universities come into being with a mission of distinctiveness or innovation. Some are founded with the purpose of meeting local demand for higher education and others are aimed at specific target groups without seeking to offer a different educational model.

Although the Italian higher education system has had a long tradition of central planning and standardisation, it has been making attempts, for reasons of cost and efficiency, to shift

towards a more market competitive model. The new measures have not yet produced any widespread change in behaviour across the system and the recent study on private higher education response to the Bologna Process suggested that the non-state sector was not behaving significantly differently from the state sector. A closer look at the emergence and expansion of private higher education in Italy may reveal variety within the sector that could suggest diversity of response.

2.3.4 Private sector emergence and expansion

The Italian Constitution provides the conditions for private higher education institutions to be set up within the national system and currently there are 87 universities in Italy, of which 26 are non-state institutions (MIUR). While a small number of these private universities have been in existence for over a hundred years, the vast majority have come into being in recent decades in response to growth and variety in demand for higher education that was not being met by the state. Private expansion has occurred alongside public expansion.

The first half of the twentieth century saw the birth and slow, intermittent development of the non-state sector, principally in the form of religious institutions. Until 1990 there were only seven private universities, but between 1980 and 1990 a further six were founded, and since 2000 a further thirteen have come into existence, ten of which are distance education providers set up since 2004. Although the non-state sector now represents around 25% of universities, it is significantly smaller in terms of enrolments with just below 11% of the student population (MIUR). Despite its recent rapid expansion, it can still be defined as a peripheral sector.

There has also been the phenomenon of transformation from private to public status of a number of non-state universities. After 1968 and the explosion in demand for higher education, a number of towns with no higher education provision were keen to acquire university status and a number of new non-state universities were founded and funded by local authorities. During this period the state took a laissez-faire approach to the development of the non-state sector, authorising those institutions that requested and met the requirements for university status. However, as these local authority universities expanded they were unable to meet rising costs and sought integration into the state sector. The increasing financial pressure of this trend on the state higher education budget forced the state to reconsider its policy and bring an end to the first phase in spontaneous growth of non-state universities (Finocchietti 2006).

From the early 1980's onwards, all new universities, whether public or private, could only be authorised within a central higher education development plan. The general approach has been to seek a balanced national distribution of higher education provision, either by founding universities in new areas, solving overcrowding by splitting large universities into smaller units or by converting large branch campuses into universities in their own right. There have also been special cases of setting up universities in response to natural disasters as part of a compensation package for economic recovery and containment of regional brain drain, or even to pacify social unrest over unpopular political decisions (Finocchietti 2006).

Any private initiative seeking to obtain state recognition under the new conditions is required to demonstrate that it meets the pre-requisites in terms of infrastructure, faculty and curricula as well as the necessary financial capital to sustain its operations. Once it has obtained the legal right to provide higher education, its degree programmes must be officially approved for legal validity. However, certain universities appear to have emerged more on the strength of political clout than according to any specific need for higher education and there has been criticism that authorisation has been granted regardless of whether the institutions were able to meet the minimum requirements for operational funds, facilities and staffing (Finocchietti 2006; Luberto 2007).

2.3.5 Classifying and defining private higher education in Italy

Following the pattern of classification into three main categories, Italian non-state universities can be defined according to three typologies based on type of ownership or affiliation: religious or secular with religious affiliation, local authority, business groups or individuals.³ However, this does not highlight the significant diversity in size or profile within each category.

The first group is comprised of three Roman Catholic universities⁴ which are all well established institutions, set up between 1901 and 1939 and four secular universities inspired by Roman Catholic values that were founded in a much more recent period between 1993 and 2005. One Roman Catholic University is a multi-campus institution and the largest in the non-state sector with 15 faculties whereas the other two are smaller more specialised institutions focusing on arts and education. The more recently instituted universities with religious

³ This classification excludes the 10 distance education providers. Although the institutions have developed rapidly, distance education is still not well-established in Italy and many providers carry an untrustworthy reputation. The majority offer only a very limited range of courses and are not considered of any direct relevance to this study.

⁴ This category should not be confused with the Pontifical Universities that confer degrees in theology and related fields and come under the jurisdiction of the Holy See.

affiliations have only two or three faculties and cover a wide range of disciplines including medicine.

The second group represents the second wave of three local authority owned universities⁵ with a strong regional identity that were set up recently between 1997 and 2005. Two are in the North of Italy and were set up as small universities, one offering degrees in economics, education and natural sciences and the other in economics, education, psychology, languages and political science. The third and most recent is one of the few non-state universities in the South and its authorisation was highly contested. It offers a wide range of programmes in architecture, engineering, economics, law, communication, psychology, education and health.

The third group is made up of six universities founded by individuals or business groups. They range in foundation date across the whole period since 1902 and are spread across the North, Centre and South of Italy. Four focus mainly in the areas of business, engineering, law and political science, one specialises in languages and communication and one is dedicated to food sciences. The range of programmes is strongly labour-market related and all have close links to their stakeholder community. It is from this group, identified as most relevant for the purposes of the investigation, that the three universities have been selected for the case studies.

Given the heterogeneous nature of the non-state universities a clear profile for the sector does not emerge. They range in size from the largest with almost 40,000 students and around 1,400 tenured staff to the smallest with only a few hundred students and a handful of tenured staff. They cover a wide range of subjects and have diverse target groups – whether religious or secular, national or regional. There is a lack of literature on the non-state sector in Italy but a recent study on private sector response to the Bologna Process objectives provides some information on the degree of intersectoral as well as intrasectoral diversity (Trivellato 2006).

With the exception of one large multi-faculty, multi-site university, the non-state universities tend to specialise in a limited number of disciplinary areas within a range of one to three Faculties. Since non-state universities come under state legislation and are forced to comply with curricular requirements and faculty ratios for legal validity of degrees, they are unlikely to provide much diversity from state universities in terms of course content and faculty. Budgetary restrictions often mean the non-state universities have a lower percentage of

⁵ The last remaining local authority university of the first wave of expansion has recently been integrated into the state system.

tenured staff (around 5% of total number in system) although it may also be a choice for greater flexibility. Moreover, private universities make extensive use of contracted academic staff from the public sector, which will further reduce the degree of diversity in personnel but create greater standardisation in quality (Trivellato 2006).

Italian non-state universities enrol around 110,000 students out of a student population of almost 1.800.000 and 70% of the smaller institutions have only 24% of private enrolments. Excluding the distance education providers, non-state universities are based predominantly in the North and Centre of Italy with over half of the universities in or close to Rome (6) and Milan (5), the two major cities and centres of administrative and financial power. The three local authority universities were set up with the specific intent of serving a local community that did not have access to higher education and are necessarily distant from large urban settings.

Private sector income coming from state sources (national and regional governments as well as other public entities) was shown as 46% while the average in the public sector was 73%. However, this percentage includes funding from local authorities as well as state contributions to private universities with hospital services. It will therefore vary significantly amongst the different universities in the sector. Direct state funding for academic provision averages at around 14.5%. The second income source is student fees at around 13.6% in the public sector and 26.8% in the private sector but for the majority of non-state universities without hospital facilities or local authority support this percentage will be as high as 80%, as the case studies testify. Neither sector had significant income from research but the private sector had almost 20% indicated as other sources (Trivellato 2006).

The study provided no information on governance arrangements but suggested that higher effectiveness in employability and internationalisation was probably due to more efficient decision-making and spending as well as a strong stakeholder presence in the governing bodies. In terms of implementation of the Bologna Process, private sector outcomes did not differ significantly from the state sector although the study suggested that some individual private institutions had performed better.

The study highlighted that key differences lay in better organised delivery of teaching by more dedicated staff (despite a frequently shared academic workforce) as well as in the quality of facilities and services, although innovation was not widespread. It was principally quality of

service that attracted a better educated and more selected student body from higher socio-economic groups, although completion rates did not appear to be any faster than in the public sector. While students were likely to perform better during their studies, it was not clear whether this was due to the university's ability to provide quality education or their individual social capital. The non-state universities were described as first class carriages in the public sector train, available to those who could afford to pay the extra cost.

"Seats may be cleaner, but the stops, speed and final destination do not change." Trivellato 2006:23)

The study is a small one with a narrow focus and using a dataset from 2002-3 but its conclusions suggest that the non-state sector is not behaving or performing very differently from the state sector with regard to implementation of the Bologna Process, which is a somewhat disheartening conclusion given the poor results of the system in realising the reform.

2.3.6 Concluding remarks

The transformation of European Higher Education is forcing universities into a much more competitive international environment (Neave 2002; Enders 2004) but the Italian Higher Education system struggles to shift from *"a monolithic and rigid system to one of diversification and flexibility"* (Sticchi Damiani 2008:131).

Private higher education in Italy may be expanding but subject to the constraints of tight state regulations, it does not appear to offer a highly distinctive university model within the system. Homogeneity seems to have dominated over diversity. However, while some institutions may have come into being along a model of 'more' or 'better' education, others have sought distinctiveness of mission and it is those particular institutions that are of interest to this study.

Privateness is defined as the degree of discretionary behaviour afforded by state policy that enables individual institutions to pursue their goals, but beyond the legislative space for autonomous action there is also institutional drive and sense of purpose, expressed in internal behaviours and abilities to exploit opportunity. The next section considers how institutions might manage a process of institutional transformation in order to adapt to the new environment.

2.4 Institutional processes for managing change

2.4.1 *The challenges of transformation*

Organisational change is an “untidy cocktail” (Pettigrew 1985) and managing the complexity of transformation requires leadership skills that demonstrate both technical competence and insightfulness to the conditions and risks involved (Dawson 1996). The extreme pressures of globalisation are generating a new higher education paradigm and any institution seeking to develop a meaningful response to these transformations will be required to go beyond a simple realignment of activities to a fundamental shift in strategic vision and realisation (Eckel et al 1998; Balogun and Hope Hailey 1999). Transformational change is a highly challenging process that requires careful reflection, construction and implementation, and no matter how positive the long-term outcomes are likely to be, the process itself will generate high risk and disruption across the organisation (Johnson and Scholes 1999, Balogun and Hope Hailey 1999; Pennington 2003).

The competitive pressures of the new higher education environment require universities to develop a more adaptive and entrepreneurial mode of behaviour (Davies 1987, 2001a; Sporn 1999; Shattock 2003) and for most European universities this requires not only a radical rethinking of their operations but the learning of a new set of skills and behaviours. Adaptability is understood to be competence in understanding and responding to the environment while entrepreneurialism means financial awareness and commercial ability to understand and exploit the environment (Davies 2001a).

An adaptive and entrepreneurial university will have a clearly defined and externally focused mission that is able to guide in its decisions. It will have an ability to design and implement long-term strategy while remaining open and flexible to unpredictable events (Clark 1998; Sporn 1999, 2003; Davies 2001a; Shattock 2003). It will adopt governance arrangements that are supportive of its strategy able to carry out and drive forward the necessary actions according to a carefully defined timescale and set of financial criteria. It will develop differentiated structures and processes for communication, implementation, assessment and improvement of multiple strategic objectives and will underpin them with an appropriate human resources policy.

Importantly, it will need a strong culture that will act as “institutional glue” and translate the new strategy into the daily actions and beliefs of the different members of its community but

without losing the institutional core values and identity (Sporn 1999, 2003, Clark 1998, Davies, 2001a, Shattock 2003). Culture plays a key role in helping the organisation to deal with external change (Kotter and Heskett 1992) and an entrepreneurial culture will have a tight policy framework coupled with loose operational control to encourage creativity, achievement and adaptability (McNay 1995; Cameron and Ettington 1998). It is a culture that is proactive, able to generate change itself, rather than simply dealing with changes in the environment.

Any university that wishes to transform into a more adaptive and entrepreneurial organisation will need to embark on a long-term process of transformative change. Following Lewin's model of change that identifies three stages of unfreezing the existing equilibrium, moving to a new state and refreezing, university leadership is required to construct a strategic process that follows a similar pattern that creates the climate for change, introduces the new reality, and then stabilises and institutionalises the changes to ensure successful completion (Davies 2001).

2.4.2 *Creating the climate for change*

The first task of leadership is to convince the institutional members of the need and urgency for change (Davies and Morgan 1982; Davies 2001a). Without commitment from those who will implement the change, the process runs the risk of failure, especially when the shift to a more entrepreneurial model does not fit the institutional norms and will generate strong resistance from the academic community (Pennington 2003).

Ambiguity and tension are a natural part of the process and it is here that the problems are identified and the first solutions proposed. Opportunities for the expression and exchange of competing views should be created so that a range of options can emerge through a bottom-up process involving the entire community and can then be legitimised through formal decision-making processes. If these early stages are compromised or ignored, any attempt to implement and embed changes imposed top-down are unlikely to meet with the desired outcomes (Davies 2001a).

A successful leadership style in higher education is defined more as consensual as personal or charismatic, in line with the nature of university organisation. This requires leadership to be sensitive to the different disciplinary cultures and able to negotiate solutions to ensure the institution's strategic objectives are shared by as many members of the community as possible (Shattock 2003). This is a particularly important aspect for leaders from outside the academic

environment who must be willing to enter a different world and develop an empathetic understanding of the university reality (Ramsden 1998).

Leadership as “the engine for change” (Kotter 1996) means gaining the confidence of the community about the new strategic direction and convincing them to accept the change and collaborate for its realisation. It is leadership that draws on the expertise and knowledge of the whole community, facilitating and supporting the change rather than acting as experts and authorities working in isolation and imposing decisions (Olson and Eoyang 2001).

Any strategic change process must start with the institutional identity as embedded in the university mission. An explicit and shared mission statement acts as the starting point to guide decision-making and strategic choices. It should be seen as a key tool not only to create a shared sense of purpose reflecting the traditions and values of the university but also as an instrument to project its vision and ambition for the future.

It creates a distinctive identity that helps the university position itself in terms of what type of institution it is or wishes to become, where its main education and research focus lies and whether it sees itself as a regional, national or international player (Sporn 1999; 2003; Davies 2001a; Shattock 2003). If the mission is no longer in line with university identity then it should be revised and rewritten. A university without a strong sense of mission and purpose is likely to develop only uncoordinated activities and *ad hoc* responses to change, putting itself at the risk of strategic drift (Balogun and Hope Hailey 1999).

Reviewing the mission is the first step in the strategic process but in order to make choices about its future direction and evaluate the options available, the university will also need to understand current and future trends about the environment in which it is operating or plans to enter. It will also need to map its current set of competences and become aware of how it is perceived by its (potential) stakeholder community before it can shape its vision for change. Whatever the strategy that emerges, leadership must then create the right conditions for its realisation. It is unlikely that the existing resources will be sufficient for the new strategy and a sound financial plan will be required to make the necessary investments in people, structures or systems (Sporn 1999, 2003; Davies 2001a; Shattock 2003).

This may imply a change in financial strategy not only to raise the existing capital through traditional sources but to identify new income streams and develop a more diversified funding

base that will allow for more flexible and proactive response to environmental changes (Clark 1998; Sporn 1999, 2003; Shattock 2003). A more entrepreneurial approach to financial strategy can be underpinned by a matrix structure whereby different functions such as undergraduate and graduate education or basic and applied research operate in autonomous and accountable units that are more in tune with the diverse needs in their external environment (Sporn 1999,2003).

This requires that the strategy define clearly resource allocation criteria as well as an incentive system to reward the achievements and innovations of those units or individuals who take the plan forward. It should also contain a clearly articulated human resources policy that will consider not only new recruitment but also professional development for existing administrative and academic staff (Davies and Morgan 1982; Clark 1998; Sporn 1999; Shattock 2003).

2.4.3 *Moving to the new reality*

Once the strategy has been defined and shared with the university community, the leadership will need to establish a set of mechanisms that will sustain the process and move the institution towards the new desired state. It will need to set priorities and move forward on a limited number of issues at any one time being careful not to overstretch the available financial and human resources and keep the momentum going. It will need to define roles, responsibilities and timeframes, as well as develop new structures and processes in line with the new objectives.

It will need to develop quality assurance and enhancement tools and systems for monitoring, assessment and reward of performance, based not only on internal objectives but benchmarked against similar institutions that enable it to compare its own progress and provide information for continuous improvement and learning. The leadership will also need an awareness and ability to deal with the inevitable resistances to change (Davies and Morgan 1982; Clark 1998; Sporn 1999, 2003; Davies 2001a; Shattock 2003).

Governance structures that drive and support the aims and objectives of the institutional strategy are a fundamental organisational tool. In a higher education environment it is essential that there is a process of shared governance that represents the administrative and academic communities in the decision-making process and allows each to play a fully participative role. It is not a straightforward task finding a balance between strong central

leadership able to reach decisions rapidly and effectively and active involvement and participation across the different decision-making bodies with at times conflicting views and competing interests but it must always remain a primary concern of the institution (Clark 1998; Sporn 1999, 2003; Tierney 1999; Duderstadt 2000; Davies 2001a; Shattock 2003).

Increasingly, there are more professional administrators from non-university environments taking on key positions in universities and while they bring modern practices, they must also be willing to adapt to and interact with a more collegial management model, while the academic community should recognise and accept the need for more professional management approaches. Good working relations based on engagement and trust are fundamental to the success of any change strategy (Clark 1998; Sporn 1999, 2003; Davies 2001a; Shattock 2003).

Throughout this phase the leadership should communicate progress regularly across the institution to build up consensus about the validity of the change and maintain the strategic momentum to drive the plan forward. Communication must flow rapidly and effectively up and down the organisation in a constant feedback loop to ensure institutional cohesion and it should be supported by a dynamic and visible external communication strategy that engages and builds support in a wider community. Leadership should remain alert to the risks of miscommunication and misunderstandings that will generate cynicism and increase resistance to the change (Clark 1998; Sporn 1999, 2003; Shattock 2003).

2.4.4 *Embedding the new reality*

In the final phase it will be the task of leadership to institutionalise the innovations in a period of consolidation and there will probably be a degree of overlapping with the second phase as some systems and processes will become embedded faster than others (Davies 2001a). In this phase the leadership will need to monitor the innovations carefully through appropriate feedback mechanisms to ensure there is no slowing down or reverting back to the old ways of operating. There will be need for adjustments and corrections as well as time for reflection and analysis across the institution to ensure that the learning process is fully accepted and integrated.

Mechanisms to implement and drive forward the strategy use rational-empirical tools of planning, target setting and reviewing to shape and realise the strategy that are enhanced by normative re-educative approaches of information sharing, training and rewarding that help

people understand and embrace the change. However, there will also be circumstances in which it is necessary to use authority through power coercive means in resource allocations or personnel decisions to combat or remove resistances or take remedial action (Bennis, Benne and Chin 1985). Leadership will need to be prepared to use all three approaches appropriately throughout the process.

The transformation process is a long one and a balance must be found between driving the change forward and allowing time for the new reality to be embedded not only in the structures, policies and processes of the university but also in its behaviours, interactions and attitudes. A shift to a more entrepreneurial institution can be made explicitly through institutional tools of mission, strategy and governance but also implicitly through cultural change (Eckel et al 2001b). It is leadership behaviour that will define the new culture (Schein 1992) and a successful strategy for change must consider what the strengths and weaknesses of existing organisational norms are and how these can be used to make the shift to a more entrepreneurial culture that will enable the university to respond and adapt to the challenges of its environment (Balogun and Hope Hailey 1999; Sporn 1999, 2003; Shattock 2003).

Traditional university cultures operate according to bureaucratic principles that place emphasis on permanence and adherence to formal procedures (McNay 1995; Cameron and Ettington 1998) and resistance to a more adaptive or entrepreneurial culture can originate in perceptions that the change threatens academic values and practices (Pennington 2003). This may be compounded by negative experience with previous attempts at change, low levels of trust or poor communication that will aggravate an already risk averse climate and prevent successful realisation of the strategy (Sporn 1999; Tierney 1999; Balogun and Hope Hailey 1999; Shattock 2003).

“The challenge, as is so often the case, is neither financial nor organisational; it is the degree of cultural change required. We must transform a set of rigid habits of thought and organisation that are incapable of responding to change rapidly or radically enough”. (Duderstadt 2000:269)

The importance of cultural change cannot be underestimated and the leadership must work hard to ensure the new values and practices are embedded in the institution and become an integral and natural part of the new reality (Balogun and Hope Hailey 1999) to ensure long-term sustainability. Successful and sustainable change as defined in Pettigrew and Whipp’s

(1991) influential model of strategic change is a result of the interaction and interconnectedness not only between content (objectives, purposes and goals) and process (implementation and legitimisation) but also of the organisational context (the historical, cultural, economic and political features of both the internal and external environment) since there is no single factor for successful change but rather a pattern of association that allows for constant renewal. Transformation is not a single event but an ongoing process. The university enters 'the bureaucracy of change' able to combine the three dynamics of reinforcing action, perpetual momentum and ambitious volition (Clark 2004).

2.4.5 *Interplay of internal and external conditions*

The organisational context or local environment will determine the range of constraints and opportunities (Davies 2001a; Clark 2004) and institutional ability to develop an appropriate response will depend on a number of factors including its history, its past experience with change as well as its current situation and availability of resources (Sporn 1999). One key factor that will determine vulnerability at a time of externally driven change and affect institutional ability to respond and manage any transformation process will be the stage the university has reached in its lifecycle. The leaders must have an acute historical sense of the institutional dynamics and its place in the lifecycle to determine the most appropriate actions (Lockwood and Davies 1987; Davies 1991).

Institutions in the early growth phases are vulnerable to a changing environment. They are still small, immature organisations with little tradition or reputation and a weak financial base but the right leadership able to take the right decisions will engender institutional capacity to respond rapidly and flexibly to the new conditions. It is the institutional response to environmental pressures and the ensuing culture that is formed in the early stages that will impact strongly on institutional capacity to respond to future challenges. It becomes the 'residue of success' (Schein 1992, 1996, 1999). Consolidated institutions will also require strong leadership and response capacity for if they fail to manage the challenges they run the risk of stagnation and possible decline. The new conditions force the institutions to return to a development phase and initiate new strategies for survival if they are to continue to consolidate their position.

Another key factor is genuine institutional autonomy, reflected in the structures, processes and roles that enable the institution to determine its own agenda and strategy (Clark 1998; Davies 2001; Shattock 2003). It is what Clark (1998) terms self-directed autonomy in contrast

to derived autonomy when institutions become legally autonomous but remain constrained by state funding mechanisms that pressure them to follow centrally determined guidelines and limit the available space in which they can develop a unique and innovative strategic response (Clark 1998; Davies 1999; Sporn 1999; Shattock 2003).

Pressures of external regulations, micromanagement by government agencies and an unstable political environment are highlighted as constraints to the emergence of institutional autonomy and capacity for innovation and long term planning in the European University Association institutional audits in Italy (CRE 1998, 2000). However, the audits also conclude that it is important, even in a constraining legal environment, that universities understand where the opportunities lie and make the necessary changes to internal structures and processes to ensure that leadership and planning capacities can exploit all available possibilities.

The following diagram has been developed to show four different interplays of internal and external conditions and how institutions may move from one position to another. Internal drivers are considered to be either static (non adaptive) or dynamic (adaptive) and the external drivers either stable or turbulent. The continuous line indicates the most appropriate institutional pathway and implies a conscious, deliberate strategic choice whereas the broken line represents an inappropriate pathway as a result of unsuitable strategy or ad hoc decisions resulting in strategic drift.

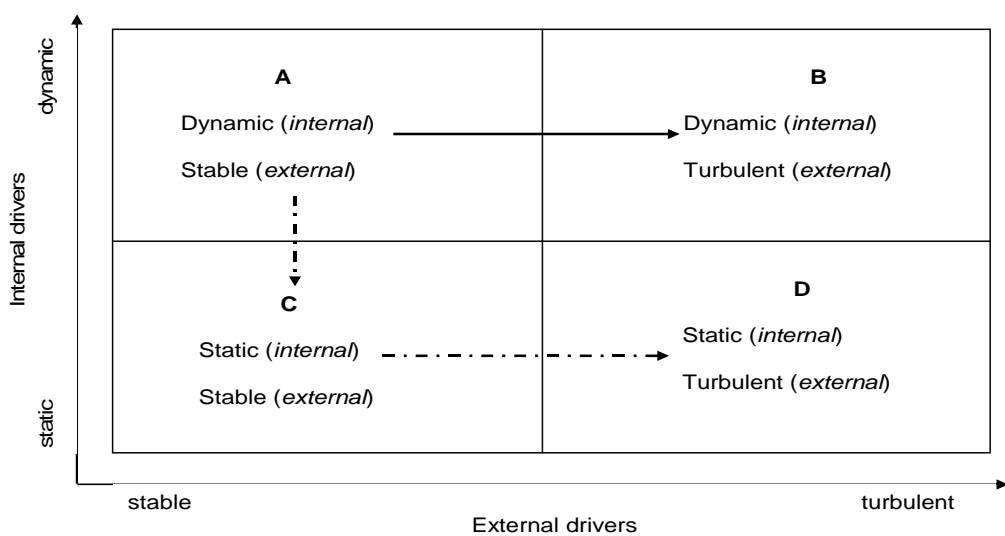


Figure 1: Interplay of external and internal conditions

The example shows a university favourably positioned in box A that is able to take advantage of stable external conditions and dynamic internal conditions and concentrate on its own development without being exposed to external pressures. However, when the external drivers change, it needs to maintain the internal dynamics to move from A to B in order to reposition itself in the most favourable conditions available to it. However, if it has not sustained internal dynamics but consolidated toward a more static culture, it will move from A to C and be unable to respond rapidly and creatively as the speed of change accelerates causing it to drift to D, the least favourable position of all.

Despite the considerable constraints placed on universities by the local, national and now global environment, institutions can change their position through their own efforts. Inevitably, their response will be conditioned by their own previous history and by their available resources (Van der Wende 2001; Krücken 2003; Sporn 2003; Marginson 2007). Such resources should not be understood as purely financial since also “*cultural capital and social status*” will play a significant part (Marginson 2007). Any institution with limited resources and status will face greater constraints and fewer options but what will be key to the change process and institutional performance will be the power of imagination the institution is able to display in response to environmental pressures and conditions (Marginson 2007).

2.4.6 *Converging and diverging responses*

Marginson (2007) identifies four interacting elements determining trajectories of national higher education systems and the individual institutions. Firstly there is the geo-strategic position within the changing global environment, secondly the national history, regulation, policy, resourcing and positioning strategies, thirdly the institutional history and resources and fourthly the institutional position taking.

This dissertation situates the first two interacting elements of the global and national level as the context and focuses on the local dimension and responses through the experience of three universities that are operating in similar environments with similar pressures but where it is expected that their individual historical patterns, cultural features and ambitions, their ‘habitus’ will shape their responses. Each institution will be affected differently because the four interacting elements will come together in different combinations and to different degrees.

Change may occur as a result of external isomorphic pressures *“but those pressures, their content, reach and pervasiveness are heavily conditioned by the way the organisations and organisational actors receive, select, make sense of, interpret, combine, reconstruct, use, in a word, translate them in the face of their organizational, cultural and knowledge context of action and purposes.”* (Vaira 2004:495)

Although there will be particular conditions in each institution’s environment that will condition its ability to respond, it does have a unique set of institutional tools and resources at its disposal. It can be said that *“all universities are subject to the same processes of globalisation – partly as objects, victims even, of these processes, but partly as subjects or key agents of globalisation”* Scott (1998:122). Individual institutional responses will determine to what extent they submit to the forces of change or transform them into opportunities for growth or regeneration.

The case studies will be developed as sagas that place emphasis on the power of agency and unique response and yet the debate on globalisation of higher education and the introduction of a more competitive market also raises the issue of whether these changes are leading to increasing homogenisation of systems and institutions or whether they generate more diversity and innovation (Meek et al 1996). It can be argued that both patterns will occur for while globalisation generates similar challenges provoking similar responses, the behaviours will nevertheless be mediated by existing national traditions and structures and therefore both similarities and diversities will be present (Dale 1999). Universities are increasingly “multilevel” institutions where local, regional, national and international dimensions overlap (Scott 1998) and it is in these spaces that new opportunities are created that the individual institutions can exploit.

In Europe the Bologna Process has led to structural reform to strengthen compatibility and comparability of qualifications, but at the same time calls for greater institutional diversity and encourages a more competitive environment (Nokkala 2007). It advocates privatisation of higher education through greater autonomy and accountability while endorsing higher education as a public good and public responsibility. This suggests that contrary forces are at play conditioning institutional response in Europe and has specific implications for the private sector. Although no mention is ever made of private higher education institutions in the Bologna Process, they represent potential models for the new European university.

2.4.7 Concluding remarks

The new globalized environment is creating a shift in the higher education paradigm and is forcing universities to make fundamental changes in the way they operate. It requires a new set of competences, structures, tools and processes as well as cultural change. It calls for more responsive and entrepreneurial universities able to interact with their environment and respond to diverse and changing needs. There is an expectation in the literature that private universities, typically smaller, more flexible and focused, are better able to understand the changes, more prepared to reassess their operations and make the necessary innovations to respond to the more market like conditions in the new higher education environment (Clark 1998, Sporn 1999; Sporn 2003; Shattock 2003). If the new conditions are more conducive to private-like behaviour, then privateness can also be seen as a tool for response.

2.5 Defining the research questions

The literature review has examined the nature of the private phenomenon in higher education, both in terms of privatisation and the emergence of a private sector. It has explored the various definitions and classifications of private higher education that have been developed world-wide and considered their relevance for this study. It has looked at the specific context of Italian Higher Education in its response to the changing environment and investigated the emergence of Italian private higher education and its ability to bring diversity to the system. Finally, it has explored how institutions might develop a change process in order to respond to the new environment and considered the impact of internal and external conditions in producing diversity of response in the single institutions. In the light of the issues discussed two key questions emerge that will underpin this study of three private universities in Italy.

The first question asks what factors have influenced institutional responsiveness to exogenous change. It examines the nature of their responses in the context of an increasingly competitive higher education environment and considers how each institution has interpreted the new conditions. It explores the evolution of each university to understand how its unique trajectory influences its direction and development.

The second question asks how 'privateness' has shaped their responses. It will explore whether the new legitimization of higher education and its shift to a more international and market-driven environment is impacting favourably on the three universities that define

themselves as entrepreneurial institutions, to what extent they are being constrained by the national regulatory framework or whether they have sufficient discretionary power to act autonomously and respond to change. An analysis of their behaviour will consider whether privateness can become a tool for response.

In the particular context of Italy, where the state struggles to break away from past legacies and introduce genuine reform, it will be interesting to explore whether the universities, constrained by dual accountability to state and market, opt for risk averse strategies of emulation and compliance (Teixeira and Amaral 2001) or whether they are able to 'leapfrog' the national framework and exploit international trends as a lever for change in their institutions. If the latter is the case, then they will demonstrate that diversification within a highly centralised and uniform system is taking place and that they are not only becoming more diverse within the system, but are also breaking away from their own traditional pathways. If they are increasing their diversity within the national system, they will be going against the notion that diversity diminishes over time.

The three universities inhabit a shared environment but with different institutional contexts. They belong to the category identified as 'universities set up by business groups or individuals' and have been selected according to a combination of commonalities and differences in mission and stakeholder community, geographical distribution and stages of maturity. Since their inception they have been part of the Italian legislative framework but raise their income predominantly from private sources. Their specific missions and close links to their sponsoring group create an expectation of certain behaviours and characteristics more in line with the adaptive and entrepreneurial university that the new discourse for higher education promotes. If this is the case, they are behaving as forerunners with the potential to act as agents of change within the system and offer important messages, not only for the rest of the private sector, but for Italian Higher Education in general.

The literature review has given an overview of the Italian Higher Education context and, more specifically, the non-state sector. It has presented the key concepts of privatisation and private higher education as well as the institutional tools for change that will be used to underpin this research and the next chapter on research design and methods will inform on how the research questions have been asked and the tentative answers constructed.

CHAPTER 3 -

RESEARCH DESIGN AND METHODOLOGY

This chapter outlines the design and methodology chosen to answer the research questions. It presents the organisational saga as a construct to understand institutional responsiveness and outlines why case studies, developed principally through interviews, were identified as the only form of empirical research that would produce the kind of data required to write the sagas. It describes in detail why two different types of interview techniques were used to collect the data and how the process was designed and managed in the particular circumstances of inside research.

3.1 Research Questions

The central research question of institutional responsiveness to the current changing environment emerged initially from my experience in professional practice and has been further informed and articulated through the literature review. This process has led to the definition of two key research questions that will shape the investigation of the three private universities selected for the study.

1. What factors have influenced institutional responsiveness to externally driven change?
2. How does “privateness” shape the universities’ ability to respond?

3.1.1 *Sagas as a construct to answer the questions*

The answers to the questions are sought through the construction of evolutionary sagas that define each institution’s unique identity and accomplishment. Sagas are traditionally understood as oral, and not necessarily accurate, accounts of past achievements and events that have defined the group identity and sentiment. It is in the saga that the group finds its inspiration to respond to new challenges. This is essentially the definition that Clark (1972) gives to the organisational saga in higher education as an intrinsically historical account of accomplishment that has been embellished through retelling and rewriting to generate a sense of identity and institutional spirit that pervade and protect the organisation and influence its performance.

Sagas initiate in institutions with a strong purpose and there are different ways in which the saga will be fulfilled. Over the years, the original believers will successfully expand the

organisational idea so that it finds expression in the academic culture and performance. Unique academic practices, symbols and rituals will emerge as expressions of institutional distinctiveness and the institutional beliefs will be actively perpetuated and promoted by all the institutional stakeholders in their different activities and practices and will be understood beyond the institution in the wider environment (Clark 1972).

A saga is a powerful means to unite the different organisational members through a common belief and sense of uniqueness and to create a strong emotional sense of community and belonging. It is a valuable resource for building trust and loyalty which will give the organisation a competitive edge as the institutional members believe in, and are proud of, the distinctiveness of their organisation.

“The saga is a strong self-fulfilling belief; working through institutional self image and public image, it is indeed a switchman (Weber 1946) helping to determine the tracks along which action is pushed by men’s self-defined interests”. (Clark 1972:182)

The universities studied are facing pressures to change and their sagas will be used to understand whether each one has developed *“a credible story of uncommon effort, achievement and form”* (Clark 1972:183) as a unique tool to develop responsiveness to change. This is the attraction of the saga approach for while the universities may develop novel strategies for the challenges they are facing, they are also doing so on the basis of previously established learning paths. Their accounts are necessarily hagiographic for the saga does not seek to reveal truth but rather to narrate their identity formed in the *“taken for granted classifications, scripts and schemata that humans use to make sense of a disorderly world”* (Meyer and Rowan 2006:6)

3.2 Research strategy and design

It was essential to develop a research strategy and design that would allow the uniqueness of each saga to emerge through the selected members’ *“perceptions, meanings, definitions of situations and constructions of reality”* (Punch 1998:175). It would be their narratives that would provide insight into each institutional story through ‘thick description’ (Geertz 1973) as they revealed their individual perspectives, understandings and experiences in the different university settings. I would seek to assemble their various accounts into a single story.

In the current context of globalisation, Marginson (2007) suggests that the local response of institutions is often overlooked and that insight into the interactions of global, national and local dynamics is best achieved through 'situated case studies' (Deem 2001). While there will be similarity in the response of institutions operating in the same environment, it will be each university's translation of its own purpose and its environmental conditions that will give rise to a 'unique combination' that is its own institutional story.

3.2.1 Case studies as tools to build the sagas

The research design was framed by an interview-based case study approach which I identified as the only possible way to carry out the investigation. The choice would enable me to "*retain the holistic and meaningful characteristics of real-life events*" (Yin 2003:2) and would also guide me in the research design. The case study has been defined as more than a method to become the research strategy itself "*covering the logic of design, data collection techniques and specific approaches to data analysis*" (Yin 2003:14). It is able to deal with a wide range of different sources of evidence (Yin 2003) but interviews in particular are recognised as key data collection tools in case studies for they represent a powerful means to enter other people's worlds and access knowledge about individual experience (Punch 1998; Silverman 2005).

Given the type of information I was seeking to uncover, the epistemological approach would be interpretive-constructivist to reveal the perceptions of the different institutional members and since it is on these perceptions that they construct their view of the world they inhabit and make their institutional decisions, I would accept and analyse the constructions as their reality, and seek to explain them using a realist ontology.

In choosing the saga as an explanatory tool for the case studies, my focus was on understanding the uniqueness and complexity of each institutional setting rather than seeking any claim to generalisability or representability. The saga reveals how the institution tells its story and how the story shapes the institution and its response. However, it was also my intention to draw conclusions that could contain relevant information of value for a wider sector and so the cases would be constructed not only as institutional accounts, but templates from which lessons could be learnt.

As a practitioner in the field and inside researcher, I knew I would be able to draw on my knowledge of Italian higher education and would have greater facility of access to the institutions. My understandings of the contextual environment and the actions I undertook in

preparing and conducting the interview process would inevitably influence the reactions of the respondents.

“[Interviewing] is not a neutral tool, for the interviewer creates the reality of the interview situation. In this situation answers are given. Thus the interview produces situated understandings grounded in specific interactional episodes. (Denzin and Lincoln 1994:353)

The sagas developed from the interviews would be a combination of my interpretation and inevitable bias as well as the (in)accuracy of the respondents' comments, affected by their recollection and perception of events as well as by their desire to protect or expose the saga (Fielding 1996). One of the universities chosen was my own place of work and it was perfectly possible that my colleague-respondents would be more open and willing to self-criticise, whereas respondents in the other two universities would be more likely to seek to present a public and more positive image. Awareness of such behaviours would allow me to compensate and counter-balance to some extent.

I was also concerned that the shared experience and implicit knowledge of the field, common to both the researcher and respondents might produce a degree of bounded rationality that could potentially skew the institutional analysis. In order to minimise the risks of inside research, I decided to introduce a second stage of data verification using realist interviews. This technique would create a different dynamic that would allow me to shift away from insider researcher towards impartial observer and outsider, creating conditions for the respondents to adopt a more detached stance to their own institutional experience. Any new or different information that emerged would expand my understanding of the cases.

Given the scale and scope of the dissertation, I needed to define the boundaries of the cases and create the conditions for multi-case comparison. The inquiry contains specific propositions and the first boundary is the unit of analysis itself which has been limited to three non-state universities in Italy whose specific missions suggest that they are likely to have developed behaviours and responses in line with the new entrepreneurial model that is being currently proposed.

The second boundary is set by the areas of inquiry identified in the literature review as “institutional tools” and that were inserted into a diagnostic matrix. The sagas explore each university's sense of identity, its ability for strategic response, use of internal governance

structures and organisational culture in the context of four factors influencing privateness. The third boundary is set by the choice of respondents. The stories told are those of the institutional leaders, those who have the power and authority to set institutional direction and build the saga. The boundaries enabled the different narratives to be told in a way that makes them comparable. The emerging sagas are institutional summaries (Clark 2004).

Clear boundaries enabled me to build a degree of structure into the interview process and I then designed a set of questions emerging from the diagnostic matrix that would produce a level of standardisation across the selected respondent sample. However, I was also keen to ensure a relatively open interview space in which the respondents could speak freely and naturally, without searching for “right answers”. This guided my choice for unstructured interviews of open ended questions that I believed would create the right conditions for people to tell their stories as they saw fit and would allow the uniqueness of each institution to emerge.

“In order to understand other persons’ constructions of reality, we would do well to ask them... and to ask them in such a way that they can tell us in their terms (rather than those imposed rigidly and a priori by ourselves) and in a depth which addresses the rich context that is the substance of their meanings.” (Jones 1985:48)

This meant that there was not necessarily a best order to the questions, or that all questions were necessarily used, but that the question set was flexible enough to vary according to the interview situation (Douglas 1985).

Structure was reintroduced in the final stage of the process through the design of a coding system for organisation and analysis of the data. While *a priori* categorisation based on the literature may have created the risk of new topics being overlooked, I had to deal with the reality of the scope of the dissertation. I sought to compensate this potential loss of information wherever possible by adjusting the data set *in itinere* whenever new data emerged in the course of the interviews.

My choice of design to build the sagas was a small scale qualitative investigation based on in-depth, one-to-one, semi-structured interviews with institutional leadership using a question set developed from the literature review. The interviews would be in the form of conversations which would allow each institutional narrative to unfold progressively and

cumulatively through the individual accounts. It would be supplemented by analysis of contextualising documents and tested through a second phase of a smaller number of realist interviews.

3.2.2 *Limitations of the research design*

Although each case study would seek to tell the organisational saga, it would nevertheless be a snapshot view at a given moment in time, highlighting only a one-dimensional picture of the institutions that had been developed from the narratives of a narrow range of respondents. The investigation would focus exclusively on senior management level because of their authority to determine institutional direction and act as carriers of the saga. It would not consider other institutional actors and stakeholders, organisational levels or cultural complexities. The data could not be cross-checked other than through the respondent group itself or through the documentary analysis. This could have been compensated to some extent by using questionnaires or surveys, or making use of focus groups as secondary tools to reach a wider audience.

However, these were rejected for two reasons; firstly, because of the constraints of a DBA dissertation in terms of time and resources, but also because they would go beyond the scope of this inquiry which seeks to build the sagas as a form of institutional belief and self-perception as generated and nurtured by those who lead the universities. Other institutional members may not share their interpretations and while a wider investigation within the community might have confirmed or disconfirmed the leadership position, it would not have altered it. What this research seeks to uncover is how the leaders perceive and construct the reality of their institution in the current environment and what responses they develop from these perceptions and constructions.

Finally, the scope of the inquiry is response to externally driven change and this is necessarily broad rather than deep. I needed to look across the institution to understand how the different parts interlocked, but at the same time I realised that each area of investigation was worthy of a more in-depth inquiry and that each one could have been the focus of an entire dissertation.

3.3 Selecting the sample -

The original intention had been to select four universities from the Italian non-state higher education sector that belonged to the category identified in the literature review as institutions founded by business groups or individuals, since these were the institutions most likely to display the characteristics described in the literature review as appropriate for the current environment. After verification via their websites and through my own knowledge of the sector, I decided that three institutions in the category fitted the criteria.

A combination of commonalities and differences was important to identify in light of the discussion of isomorphic and diverse behaviours that emerged in the literature review. All three institutions share an explicit service mission and commitment to a defined stakeholder group in the business community that has strong representation in their governance arrangements. They have only minor variations in the configuration of academic disciplines and all declare a distinctive teaching and learning model combining academic and professional knowledge and put particular emphasis on the international dimension of their institution.

Such features create expectations of environmental awareness, strategic behaviour, adaptive ability and a more entrepreneurial approach to running their operations. The three universities also reveal a number of differences in geographic location, size, age, ownership and resource base, all of which suggest diversity in constraints and opportunities and potential scope of strategic response.

There was also both similarity and diversity in the institutional leadership interviewed. I spoke to a significant number of senior and middle managers in all three universities and there was only minor variation in the number of informants from seven to nine, according to the different dimension and composition of the institutions. It was important to gather accounts from a diverse range of representatives within the same leadership group to allow for collection and cross checking of data from different organisational angles. Both academic and administrative leadership roles were identified to reflect the dual nature of the institutional governance structures in these institutions.

I also requested that at least part of the informant group should be able to provide a degree of historical perspective. This was particularly important in one institution where there had been a recent significant turnover in senior management appointments and one of the recently

replaced, long-standing deans was magnanimous in agreeing to be the historical representative.

I exercised a degree of control over the number and type of institutional leaders but the selection of the interview group was left up to the institution, albeit with some leeway for negotiation on my part to ensure minimum criteria were met. The approach provided early information on where decision-making power was perceived to lie within the universities. One institution identified an almost exclusively academic team, whereas another drew up a list reflecting a more equal balance between academic and administrative communities. I made the selection for my own institution based on my knowledge of the governance structure and power distribution. (See Annexe B)

It is worth noting here that all 24 respondents were Italian males since none of the three institutions has female or international senior managers in either academic or administrative positions. I will not pursue the issue of imbalance in the dissertation but it is curious to note how national stereotypes persist and I will make some reference to potential contribution of diversity in the conclusions.

3.4 Insider role and bias

I consider myself an insider researcher at two levels: in my own institution and in the field of Italian higher education. Undoubtedly, my insider role greatly facilitated access to the institutions and enabled me to exploit practical knowledge of the context, but I was aware this could make objectivity difficult, particularly when researching my own institution or when considering and comparing outcomes across the three institutions.

I sought to develop as much self-detachment as possible in both the research design and data collection process to correct distortions and overcome bounded reality. However, I also felt drawn to Schein's (1992) position that it is "*impossible and undesirable*" to be totally objective as an insider; what is important is to be aware of one's own emotional reactions and biases and how they are operating and influencing outcomes. Throughout the interview process I have sought to act as objectively as possible and to construct the sagas as each institution's story to the best of my ability, although I am aware that they are inevitably also a result of my own understanding of the stories I heard.

I recognise that my role as an insider-colleague and the assumptions of Italian Higher Education I share with the respondents may have influenced not only their willingness to participate, but also the way in which they told their stories as both personal and, at times, emotional accounts of their institutional involvement and commitment.

In researching my own institution, all the interviews were set up in a declared and dedicated space and time and informants were made fully aware of the fact that they were providing information for the purpose of doctoral research rather than engaging in a casual conversation. I observed a situational shift in the way they perceived me and formulated their responses. I sensed they accepted me in my role as researcher and told their stories as close to their own truths as possible. Nevertheless, I was aware that at times they were more frank and open than they might have been with an outside researcher.

On the other hand, there was inevitably so much behind the narratives in the other two institutions that I simply could not see and had to accept the information provided as their account. I sought as much as possible to replicate these conditions in my own institution and balance out the three accounts to provide the same level of information. However, I recognise that given these particular circumstances, it is conceivable that another researcher might have obtained a different set of outcomes in the interview process.

3.5 Data collection

Data was collected principally in the two phases of interviews for information gathering and verification but documentary analysis also played an important role, especially in providing the historical perspective.

3.5.1 Phase 1 – Gathering the information

I developed a diagnostic matrix for institutional responsiveness based on information drawn from the literature review. The areas for investigation were identified by placing the institutional tools along the horizontal axis: mission (motivation), strategy (realisation), governance (organisation) and culture (cohesion) against the factors identified as influencing privateness in the vertical column: control (ownership and affiliation), funding (degree of private and public sources), state stance and policy (degree of regulation) and supranational trends (drivers for change). Each box in the matrix contained information on how the combination of the two factors might impact the institution. It was used to produce ten key

areas for investigation that would form the basis of the interviews and would also be used at a later stage to code the data and analyse the narratives. (See Annexe C)

All interviews started with a presentation of research objectives and the scope of inquiry (including the naming of the other two universities selected for the research). Each informant was then asked to give a brief presentation of his institutional role.

The interviews were set up in a conversational format with the interview schedule acting as a checklist to ensure the different areas were covered during the course of the interview. The general topic was institutional response to a changing environment which provided a loose framework for the conversation, and the number of questions asked depended on the manner in which the informant formulated his thoughts and told his story. I sought to guide or influence responses as little as possible leaving the space for each informant to structure his narrative freely with only the occasional prompt or request for information. I wanted as much as possible that each informant would talk about what was most important to him rather than responding to my specific concerns (Bogdan and Taylor 1975).

This approach may have meant that some information did not surface but I was not looking for right answers but rather their understanding of change and of the university's response. The questions were set up in a way that their stories would unfold in a chronological perspective since I was interested in understanding how each university was evolving and changing over time. Since I shared understanding of the environment, I felt comfortable in being able to understand even non-explicit references without asking too many direct questions, and where any reference was too obscure, I asked for clarification.

“Understanding the events, activities, and utterances in a specific situation requires a rich appreciation of the overall organisational context. Context refers to the complex fabric of local culture, people resources, purposes, earlier events, and future expectations that constitute the time-and-space background of the immediate and particular situation.” (Evered and Louis 1981:390)

All interviews were on site and held in the office of each institutional representative which gave me an opportunity for direct observation in the organisational setting, particularly in the case of the two external institutions. Interviews lasted between 45 and 90 minutes and were taped and transcribed word for word. I considered it essential to have exact quotes that

would communicate the unique and rich dimensions of the individual sagas. It is important to note that all the interviews were conducted and transcribed in Italian but subsequently translated into English in the coding process. All quotes are my translations from the original text.

While all informants agreed to the interview being taped, I also took notes during the process as this helped me to focus on what was or was not emerging. I could then decide whether I needed to return to any point and request further detail or explanation, without interrupting the speaker. Handwritten notes also minimised the risk of technological malfunction and allowed me to compare outcomes as the interviews progressed, avoiding the inevitable delays between interview and transcription.

All interviews in this phase were conducted between June and September 2007, with only one rescheduled for November to replace a selected informant in one institution who declined at very short notice. (He had been recently replaced in his role as dean and held a reduced management function.) Interviews with each institution were done in a single block to allow for greater focus and concentration on the emerging patterns. I carried out interviews in my own institution last in order to develop greater detachment.

3.5.2 *Documentary Analysis*

Throughout the interview process I gathered contextual information from institutional documents that could broaden the evidence base. The vast majority of the information was in the public domain in the form of brochures, reports, websites or books, and only one institution provided internal documentation in the form of its strategic plan. I considered access to strategic plans key to developing the cases. Interestingly, one institution had its strategic plan in downloadable format on its website, one had the strategic plan available only via coded access on the intranet and one institution had no written strategic document that it made available for internal or external purposes.

The contextual documents that were made available acted as a form of triangulation either to confirm or disconfirm the informants' declarations, not in terms of right or wrong, but whether or not they were consistent with the institutional image projected in the interviews. This provided me with information on continuity or discontinuity of the original saga. All three institutions had produced literature that in one form or another told their story since inception, and these were central in providing historical information that was no longer shared

by the current institutional actors. Two of the three institutions were young enough to still have members present since inception.

The detailed financial situation of the institutions was considered sensitive data and only limited information was made available to me, which determined that it could not be considered as one of the “institutional tools”. However I did receive sufficient general information on institutional financial health and the relationship between funding and strategy to inform the inquiry.

3.5.3 *Constructing the accounts*

Collecting and interpreting interview responses is never an easy task since the data is always situated and contextual (Silverman 1993) and it was that richness of context that I wanted to preserve in order to make sense of the data and understand the complexity and uniqueness of each of the cases I was investigating.

The topics identified in the 4 by 4 matrix were used to code the interview data and create a clear structure for analysis. A table for coding purposes was drawn up with all eight headings placed vertically and the relevant answers from respondents listed next to each heading to enable a pattern to emerge for each institution. Once all three tables were completed, it was possible to aggregate the data vertically for each institution and horizontally to make comparisons across topics to identify common or diverse trends.

When inserting the data into the matrix I was already carrying out a first level of analysis as I removed repetitions and occasionally reordered information to make the narrative clearer, but I did not omit any responses and considered all the information provided as relevant at this stage. I wanted the data to confirm the codes or suggest new codes to me. Additional codes were created for any new information that did not fit easily into the existing codes or sub-codes created where a higher level of detail emerged that was worthy of separate consideration. The process was ongoing and iterative as I went through the stages of translating, coding and updating the matrix with each interview, creating a continuous loop between data collection and analysis.

Assembling the data in this way produced a matrix that identified frequency and relevance of recurring themes under different codes. Clear institutional patterns, positions and stories emerged that shaped each saga in terms of self-representation, collective understanding and

unique accomplishment. I used the wealth of information collected to represent each one as faithfully as I could.

3.5.4 Verifying the accounts

However, I was aware that it was ultimately my understanding of their accounts that had produced the written narrative. I also questioned to what extent they were the outcomes of knowledge I implicitly shared with the respondents as we were “*experientially and existentially rooted in the organisational system*” (Evered and Louis 1981:387). I was interested in finding an approach that would allow both the informants and myself to step out of our normal reasoning and explore the topic through a different lens.

In order to do this I found it useful to observe the different dimensions in modes of inquiry from the inside and the outside, as described by Evered and Louis (1981) to understand how the constraints of the insider approach might be compensated and a new approach adopted.

Dimension of Difference	MODE OF INQUIRY	
	From the outside	From the inside
Researcher relationship to setting	Detachment, neutrality	“Being there”, immersion
Validation basis	Measurement and logic	Experiential
Researcher’s role	Onlooker	Actor
Source of categories	A priori	Interactively emergent
Aim of inquiry	Universality, generalisability	Situational relevance
Type of knowledge acquired	Universal, nomothetic: theoria	Particular, idiographic: praxis
Nature and data of meaning	Factual, context free	Interpreted, contextually embedded

Figure 2 Differences between the outside and inside modes of inquiry (Evered and Louis 1981)

I was not seeking to become a total outsider, since that would be impossible anyway, and the aim of inquiry from the outside and ensuing type of knowledge derived, as shown in the table, would not match my goals. I was more interested in finding an approach where I could blend inquiry as an insider, using the experiential knowledge I shared with the respondents with the detachment and neutrality of an outsider to rediscover the organisation and test my own conclusions. I would still use the inside mode of inquiry but incorporate the role and relationship of the “detached onlooker” typical of the mode of inquiry from the outside. The purpose would also be to provide an opportunity for greater detachment in the informants allowing them to adopt a new perspective of their own institution. It would enable them to

become more self-critical, since I sensed they often sought to protect the saga when I asked what they perceived as difficult questions.

“The essential difference between coping/ sense-making/ survival on the one hand and inquiry/ research/science on the other hand is essentially this; the latter requires the coping organizational actors to be willing to tell as best they can what they know and how they came to know it – and submit it to critical discussion” (Evered and Louis 1981:387)

Pawson and Tilley’s (1997) realist interview provided a valid model for my objectives. The realist interview requires the researcher to play a more active and explicit role in ‘teaching’ the overall conceptual structure of the investigation to the respondent. The information must be carefully prepared in advance and the researcher in the ‘teacher’ role must be sensitive to the difficulty that the respondent may have in learning and using the model.

This is not just a question of being precise but ensuring that both ‘teacher’/researcher and ‘learner’/respondent share the same understanding so that *“hypothesis seeking behaviour”* can take place as the respondents develop their thoughts in the context of the theory or scenario provided and agree or disagree with the questions. By first offering a description of the parameters (*“this is how I describe it”*) followed by an opportunity to explain and clarify (*“this is how I see it”*), a deliberate exchange of information takes place that can produce mutual knowledge (Pawson 1996). This is illustrated in the diagram below.

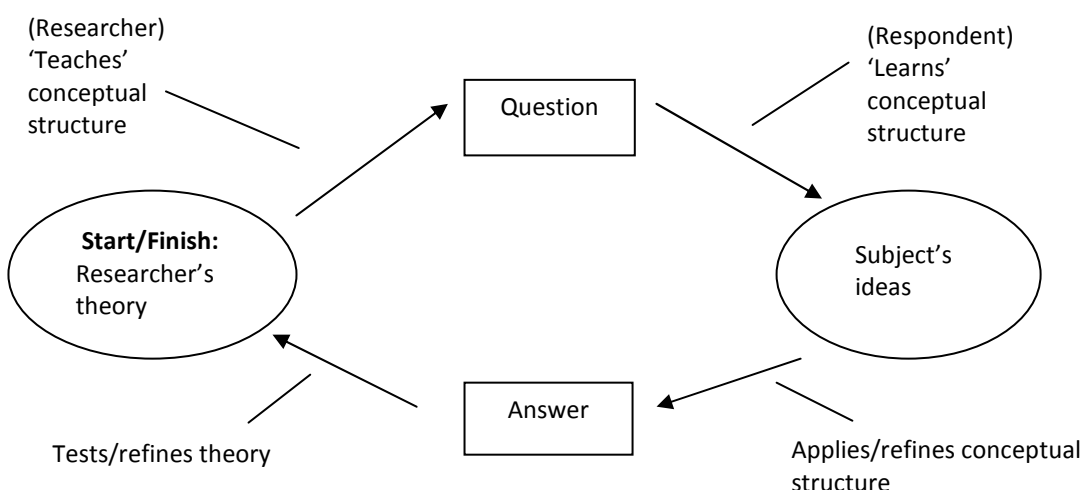


Figure 3 The realist interview (adapted from Pawson and Tilley, 1997)

The information flow indicated in the diagram creates a situation whereby *“theoretical - postulates/conceptual structures under investigation are open for inspection in a way that allows the respondent to make an informed and critical account of them.”* (Pawson 1996:313)

Before I could adequately fulfil the role of researcher/‘teacher’, I needed first to become a ‘learner’ and decided to run a small pilot on two members of my own institution. I used the same interview process as in the first phase of information gathering with a small number of open-ended questions. The main difference was the type of questions that were being asked and the way in which the respondents were being asked to think about them.

I deliberately constructed the interview in a way that the first part would ask them to think into the future and create a realistic scenario for their university based on a document that presented six broad options.⁶ In the second part I presented my viewpoint on potential internal and external obstacles to realising the change they had envisaged and asked them to reflect on how the university would achieve the new vision.

The scenario planning exercise had the respondents “thinking on their feet” and I noticed I was having to think along with them rather than simply asking the questions and listening to their responses. I had to intervene and prompt more often, at least at the start, until they began to acquire a sense of the exercise. I also found myself asking more questions to ensure I had understood their responses properly. The interview process required careful preparation and management as well as more structure and guidance to ensure success.

It was only a very small pilot but my impressions were that it did permit a greater sense of detachment from personal experience and that this generated a number of key differences in the way the respondents answered the questions and analysed the institution. It set a wider context beyond the institution itself and allowed them to look at the situation from an external position. There was a stronger focus on identifying solutions rather than problems because there was a clearer idea of what the university could realistically aim for. The pilot identified new issues that had not previously emerged or provided greater clarity to the issues because they were being examined in a wider context. Finally, it allowed taboo information to emerge and exposed some institutional myths. In a sense, it acted as a “reality check” allowing the respondents to focus on what was feasible rather than what was desirable.

⁶ The document was an abbreviated version of future scenarios taken from Miller (2003)

The interview process had effectively enabled us, both as researcher and respondent, to step back from our quotidian and think more critically about the university. The model the respondents created led to greater detachment and a different way of thinking about a familiar topic. Old information emerged in a new way which offered confirmation of many thoughts, but at the same time new information emerged which opened up different possibilities of interpretation. We had stopped talking about what we already knew.

3.5.5 *Running the realist interviews*

I decided to organise a realist interview in each of the three institutions to test the hypotheses that were emerging from my analysis of the cases and I chose to interview the Rector in each university. Only one of the three Rectors had been previously interviewed since in one institution the Rector had not been available and in another institution there had been a change in the ensuing period. All three interviews were conducted in March 2008, almost a year after the first round of interviews which provided an opportunity to receive updated information on how each institution was evolving. All three interviews were held on site in the Rectors' offices and lasted between 45 and 60 minutes.

In accordance with the realist interview model, I did not want to ask the respondents directly about their experience but chose to explain my position and impression and ask them to comment. I was seeking to achieve an environment in which it would be less likely that the respondents would fall back on standard answers and stock phrases, or that they would become instinctively defensive or protective of the saga. I also wanted to test any perception of bias on my part and was interested to see whether any new information about the institutions would emerge, or whether the same information would emerge but in a different way, and thus confirm my understanding of their collective accounts.

The interview took the form of a conversation but I constructed three open-ended questions carefully and which were always asked in the same order. Two were standard questions and one was framed according to the outcome of each institutional saga. Although I may have obtained a more detailed and structured presentation of their ideas if I had sent the questions ahead of the interview, I preferred to have a more spontaneous reaction that would be less calculated towards a 'right' response. (See Annexe B)

The first question sought to pry open each Rector's thinking without generating any sense of threat. I chose to start with an academic question about new institutionalism which I felt

would not only create a context in which they would feel at ease but which would also stimulate them intellectually. I presented briefly the key tenets of new institutional theory focusing in particular on diversity and isomorphism. I then asked where they saw their institution standing and to what extent it captured the unique features of their institution.

The second question sought to probe the official saga by holding up a mirror for the Rector to reflect back my own ideas. My idea of their saga at this stage was also backed by what the comparative analysis revealed in terms of what had or had not emerged. I told them that after having seen all three institutions I had formed a certain idea of their university and asked them to comment.

The third question had the purpose of understanding how they perceived the institution's future. I had originally intended to use the same scenarios that I had presented in the pilot but it became apparent that they required too much time in terms of explanation and elaboration. I therefore asked them to describe where they thought their University would be 20 years from now and how it would retain its identity.

3.5.6 *Analysing the data*

I adopted a very similar protocol to the first phase of interviews. All the interviews were taped, transcribed and translated into English. However, a different table was produced for analysis made up of the three questions and the answers from the three Rectors were inserted in the same order under each question to allow for clear cross-institutional comparison. I used the framework from the first phase of interviewing to code the outcomes but given the different nature of the interview, a number of new codes also emerged.

The realist interviews proved to be extremely useful, reconfirming the three sagas and providing greater richness of detail that were woven into the sagas and further highlighted the uniqueness of each institution. Commonalities and differences became even clearer and generated useful information for the conclusions of the dissertation.

3.6 Validation of procedures

In my endeavour to construct and convey uniqueness of the evolutionary sagas in each of the three institutions I have understood validity to mean the accurate representation of the participants' realities as defined by Cresswell and Miller (2000). I have used multiple tools and

processes to validate the research strategy and design and have sought to combine a more systematic form of inquiry with an interpretive-constructivist approach (Cresswell and Miller 2000).

I have built up the research questions, diagnostic matrix and interview schedule from the existing literature. I have undertaken multiple case studies in order to make a comparison of results and enable the uniqueness of each saga to emerge more clearly and have used multiple methods to triangulate the outcomes. I have put the questions to a range of representatives from the institutional leadership and made a number of on-site visits in order to contextualise each institution and test the authenticity of the narratives. The interview outcomes were supplemented by documentary analysis to provide information that did not, or could not, emerge in the interviews and to confirm or disconfirm the interview data. I have used the multiple sources of evidence in order to lend credibility to the narratives and confirm the emerging hypotheses.

I have used the lens of both the researcher and study participants for the purpose of validation (Creswell and Miller 2000). I have sought to interact continuously with the transcripts and the codes to make sense of the accounts and construct the sagas as faithfully and as accurately as possible. I have made extensive use of my own prolonged engagement in higher education and in the non-state sector in Italy in particular, which has facilitated not only my understanding but also given me easier access to the institutions and its representatives. Their willingness to engage actively in the inquiry and the sense of their trust that I felt throughout the process further supported my search for authenticity in their accounts. They have been active participants in the validation process, checking and confirming the credibility of the accounts through the realist interviews and through reading of the sagas. Their feedback was sought in a systematic manner and integrated at each phase into the accounts.

3.7 Ethical issues

Access to the two external institutions was facilitated through personal contacts who acted as gatekeepers and obtained or gave consent to use the universities as case studies. An initial informal request for access was made and then followed by a formal letter presenting the research topic and purpose of the interviews. Authorisation to use my own institution for research purposes had been given at the beginning of the DBA programme.

Once access had been officially obtained, the informants were identified and contacted via email to make interview arrangements. Each informant was informed about the research project and the purpose of the interview. Assurance was given that the data would be used solely for the purposes of the dissertation and that information would be disclosed on an aggregated basis only. Individual names would not be revealed.

I received no direct request for institutional anonymity but took the decision not to disclose the names of the universities or the people involved. While it is true that the institutions are easily identified by anyone familiar with Italian higher education, I preferred to remove any references that might distract or influence readers when considering the narratives and analyses in the case studies. The three universities have been named X, Y and Z according to order of genesis and all quotations show only the informant position.

Having provided a detailed account of the methods identified as most suitable to answer the research questions, the next three chapters recount the evolutionary sagas of the universities and their response to a changing environment.

CHAPTER 4 A SAGA OF ADAPTIVE AMBITION -

University X⁷ is a prime example of a saga and its story is imbued with a strong sense of self-belief. The historical sense of institution is expressed in the many references to its 100-year past which serve to create continuity with the chosen future direction. The key figures who are currently taking the saga forward attribute new meaning to deeply established values of self-determination, leadership, excellence and service to the stakeholder community. Change is a genetic characteristic of the organisation and plays a pivotal role in determining its response to environmental shifts. It is a saga that combines ambition and adaptability, intuition and opportunity. University X knows it must adapt to secure its leadership identity and reveals ability to utilize institutional uniqueness in order to enhance credibility and exploit competitive advantage.

4.1 Shaping the saga

University X was founded in 1902 in Milan by a local entrepreneur and visionary at a time when Italy was still principally an agricultural economy with high levels of illiteracy and poverty. It was set up as an entirely private university funded through its endowment and tuition income. The University's mission to promote business education and culture was to enable it from the very beginning to develop a distinctive identity and lay the foundations for a tradition for leadership and innovation. Free of any regulatory requirements in the set up phase, it developed a unique educational offering that was able to attract influential members from the local business environment onto its Board of Trustees and renowned academics from the surrounding state universities into its teaching community.

Although the founder died only six years after establishing the University, the family retained significant control over the institution's development until 1965 and made extensive investments in real estate, facilities and student support that were later managed by a foundation in conjunction with the alumni association that had come into being in the very early years. The University's name remains linked to the founding family. A subsequent change to the statutes entitled the foundation to nominate the University President and nine members of the Board of Trustees, assuring it majority representation. A fundamental link was thus created between founding family, the alumni association and university governance that would play a decisive role in its development.

⁷ Further institutional data are provided in Appendixes D and E

4.1.1 Enduring force of original mission

University X has always had an outward facing mission. It was originally stated as the aim to promote “*harmony between school and life*” and was underpinned both by the values of liberalism and pluralism and a commitment to national social and economic progress. The mission has had the power to guide the University throughout its history and not only in its academic endeavour. The University is proud of how it defended its belief in independent thought with skill and determination during the Fascist period and two World Wars, through the turbulence of student unrest in the 1960’s and Italian terrorism of the 1970’s. It sees itself as holding true to its founding principles in the face of shifting economic and societal beliefs.

Dedication to its mission has also been its inspiration to act as forerunner in academic and organisational innovation, creating models that the State itself has often later emulated. Since its inception it has led innovation in business education in response to changing needs and in recent years it has been the first university to respond to international influences in the curriculum by developing programmes taught entirely in English.

Engaging with its local environment, it pioneered executive education courses as early as 1954 that evolved into the country’s first School of Management in 1971. It has become a fully self-funding business unit and a powerful internal model for the University. It became the first Italian school to be internationally accredited and remains the only one that is present in international rankings for business education.

University X has also made hard decisions to protect the nature of its mission, such as closing down its degree in languages in 1969 when the new state policy of open access led to enrolments increasing at a faster rate than in economics, putting the defining character of the institution at risk.

Over the years the University sought to recruit from a wider pool of applicants and in the 1980’s it successfully achieved status as a national university by achieving a target of 60% of its students coming from outside the region. In its current strategy it has entered the world of international recruitment which remains essentially unexplored territory for Italian universities, the majority of whom are still principally local institutions. It has always had an innovative approach to organisation; apart from being the first university to introduce departments as part of its academic organisational structure, it was also the first university to appoint rather than elect its rector and to create its own ‘bridge’ position of associate

professor in order to circumvent delays in national hirings. Under the current reorganisation, it has become the first to transform its academic structures into independently operating schools.

The mission has been revisited and reinterpreted in response to external changes but continues to express the duality of excellence and innovation in teaching and research and in service to the business community and society at large, and remains underpinned by the same values of institutional independence and adherence to the principles of an open society that were attributed by its founder. It is a mission that has been consolidated in over 100 years of history and defines the institution's heritage and volition to succeed. At the first centenary celebrations in 2002 entitled "*100 years of looking to the future*", University X identified the key factors of its success in its loyalty to its mission and capacity to give it meaning over time.

4.1.2 Formula for sustainability

Defence of autonomy and the right to self-determination have always been paramount but the University has always had to manage the challenge of regulatory constraint. It took the very early decision in 1906 to seek state recognition of its degrees for its very first cohort of graduates to ensure acceptance of the new qualifications on the labour market. However, autonomy also stood for its financial independence and during its first 50 years it was proud to declare that it was a fully self-sustaining institution. External contributions, whether public or private, were feared as possible interference in university policy and direction. Tuition income was (and still is) the main source of earnings but the 1960's were to lead to a period of financial difficulty despite continued expansion. This crisis led to two significant changes in financial policy.

The University agreed to accept a greater degree of central regulation in organisation, planning and content in return for access to a special fund for non-state universities that the Ministry created in recognition of their contribution to public service. However, state funding would not be sufficient to remove the financial shortfall, and it was forced to revise its tuition fee policy which aligned fee structures with state levels.

In the 1980's University X introduced a highly contested income-based fee policy that yielded two key benefits. It was able not only to secure the necessary levels of income to sustain its operations but it could also generate sufficient surplus to create an institutional scholarship

fund for deserving students. Recognition of academic merit had been a key principle since its foundation but it had been forced to rely heavily on private donors to provide support.

Confidence in its new financial structure led it to take the decisive step to oppose the national position of open access and introduce barriers to entry based on academic criteria. Although the original intention had been simply to contain rising student numbers in order to guarantee quality of services and facilities, the selection requirements created a further distinctive feature of institutional success. Regulated entry levels increased completion rates to over 90%, more than twice the state sector output. Its new income policy had found ample justification.

If the University has been able to sustain itself over the years and overcome financial challenges, it has also been thanks to its close interaction with an extensive stakeholder community of leading businesses, organisations and individuals. They have been willing to guarantee its development because of the value they recognise in University X. The University has sought moral and financial support from its sponsors who, in return, have received privileged access to graduate recruitment and knowledge transfer through continuing and executive education. The relationship is one of mutual benefit.

In over a century of activity, the University has evolved and interacted with the local and national economy, providing many of the country's leading business and political figures. Many of its academics are active outside the University, many members of the business community are involved in educational provision and a significant number of them are its own graduates. An intricate social network has developed that has found its ultimate expression in the University's governance structure where successful alumni take on key roles in the Board of Trustees, returning a service to the University through their professional knowledge and expertise.

University X's self-sustaining structure and close and constant involvement with its stakeholder community have led to the development of a strong desire for excellence and the confidence to experiment and anticipate change at its own risk. The University identifies in this approach the fundamental reason for its success and for the respect that it commands in Italy.

4.2 Strategic response capability -

Institutional evolution in the early years had been carried out on a more *ad hoc* approach but under the guidance of insightful leadership in the 1980's, it made a radical shift to long term strategic planning. In 1989 an internal review led to a structured 10-year cycle of strategic planning to define and implement institutional priorities and objectives. Statutes were revised for the first time since 1925 and a new resource allocation model was introduced for financial equilibrium, always considered to be the first guarantee of its independence.

The plan strengthened the institution, especially in its financial management, but did not lead to any major structural change. One key educational innovation was a widening of its course portfolio in business education to include law. This was the result of an internally commissioned study that forecast enrolment trends and highlighted the negative effects of national demographic decline for the University. International recruitment was also mooted as a possible future strategy to compensate the predicted national student shortfall but international activities continued to focus principally on exchange and co-operation, building up an extensive worldwide network.

The new strategy for 2015 has built on the successes of the previous plan but a growing awareness of global higher education trends has led to a radically new direction that is transforming the University. The trigger for change came from within the Board of Trustees and in particular from its President, an internationally renowned business leader with extensive European Union experience. Concerned about the ability of University X to fulfil its mission in the new globalized economy, the President commissioned a small international team of experts to analyse its competitive position and a highly critical report was presented to the Board of Trustees. The message for change was unequivocal and the only possible direction was internationalisation.

“Students are our raw materials and academics are our production factors coming from all over the world. Businesses are no longer national – they have global markets, properties and stakeholders – we produce management culture and so the local market can no longer be our point of reference”. (Dean)

An internal strategic planning committee drew up a highly articulate and ambitious 10-year plan for change. The strategic intent is clear: the University seeks to reposition itself as a

leading university in both education and research to become “a recognised European - university hub”. It has reworded the mission as “innovative education and research in economics, management and law” and identifies five strategic areas to realise the plan’s objectives for internationalisation: faculty, research, students, programmes and facilities.

4.2.1 Renewing the academic community

Academic renewal is fundamental to the plan’s success and a strong recruitment drive has been put in place. University X has recognised the need to extend the principles of a merit-based culture to its academic community and has introduced new remuneration and evaluation mechanisms.

“To achieve our objectives, we will adopt policies able to guarantee opportunities and incentives in accordance with merit principles. Only by stimulating and rewarding the innovative ability of researchers and students can conditions be created for change and progress. Only by fostering a sense of responsibility, independence and social equity in human capital can the University fulfil its duty.” (Rector)

The strategy is to recruit 50% of new staff on the international job market and significant financial investment has been made in order to overcome the problem of traditional, non-competitive Italian salaries to attract and retain talented young academics. In line with previous practice, junior positions of assistant professor are initially offered as 6-year contracts with competitive packages that can be transformed into tenure on the basis of performance.

It is an integral part of the drive to build up a stable academic community that sees the University as its primary interest. The plan foresees 80% of full time academic staff and there will be a 35% increase in tenured positions by 2010 with 50 permanent posts reserved for international academics. Currently, there are around 1,400 academics of whom around 330 are tenured. There are currently around 200 international academics and full-time international appointments have already reached 21. The University is also strengthening its visiting professor programme. (See Appendix D)

Remuneration and incentives are now clearly differentiated according to international standards for performance rather than the traditional Italian mechanism of years of service and seniority. An influx of international recruitments has had immediate effects on internal behaviours and practices but the most radical impact has been felt in the University’s decision

to abandon the Italian tradition of hiring its own PhD graduates. There is no longer any unwritten promise of access to an internal career track and all PhD graduates are now required to gain at least three years' international experience in order to meet application criteria.

"We have cut the umbilical cord between master and pupil [...] It has been an arduous process breaking the baronial mechanisms." (Dean)

While there are many incentives in place to encourage staff to take up the new challenges, there are those who are not interested because of their background or age, and the University is aware that there is no incentive attractive enough to change their attitude. Where possible it is moving these staff to less key areas or more traditional roles in Italian programmes but is also considering severance packages or early retirement for the future.

4.2.2 Building world class research capacity

The strategy to create an international research profile depends on the University's ability to attract and retain top researchers and the two areas of responsibility are closely linked in the positions of Vice Rector for Research and Vice Rector for Human Resources. (Until recently this was a joint position held by the Vice Rector for Human Resources until an appropriate profile for Research was identified.) The University has selected academic fields for excellence and earmarked appropriate monies. There are four Centres of Strategic Interest and the other 19 research areas are not excluded but depend entirely on external funding. The Centres have been reshaped into new knowledge units to increase levels of interfunctionality and create critical mass. Funds brought in for international research are matched by the University. All departmental directors are appointed on a 3-year renewable mandates and all research is evaluated according to international assessment criteria.

A new points-based incentive scheme has been introduced for publications in internationally indexed journals. Each point is worth €500 and academics can earn as much as €25,000 per year on top of their salaries. Bright, young scholars able to establish themselves internationally can now earn more than a more senior but less active colleague. Departments are measured and funded according to the publication results of its members.

"If I publish I have an advantage, but also my department and the departmental director who is measured according to the same criteria. If you don't publish, you don't get any money... so sooner or later you are out – it's a hire and fire mechanism." (Dean)

Through sponsorship from strategic partners, the University has been able to create top research chairs and attract leading names in areas of strategic interest. One recent five-year co-operation agreement with a leading oil and gas group is worth €2.5 million alone. In order to foster talent, a Research Committee has been set up with young researchers representing the different institutes. The Committee has been given full responsibility to assess research and decide the financial awards for excellence.

The new research strategy is another clear break for a university whose main focus was on teaching and applied research, but it is already producing tangible results. In 2005, 30% of scientific publications by faculty were published in international scientific publications, and in only two years it rose to 65% in 2007.

"It's a complex system but it is working, every choice converges on a clear set of objectives."
(Dean)

The Doctoral School has also carried out a full review of its programmes, benchmarking itself against internationally renowned institutions to reach for higher levels of excellence and stimulate new talent. It has produced a new portfolio of programmes and aligned the length of its programmes and timing for application procedures to international practice. It has seen an increase in the number and quality of its applications and is now seeking to convince the Board to provide more substantial grants to ensure it does not lose the best talents to its competitors. The decision not to hire their own PhD graduates is perceived as a test of the University's ability to prepare quality researchers that are appreciated internationally.

The first two strategic areas for faculty and research set standards of objective selection based on demonstrable academic merit for recruitment, retention and promotion and represent a major break from previous patterns of personal favouritism. The University has forced its own academic community to *"abandon bad Italian habits"*.

4.2.3 Competing for the best students

The University wants to compete for the best talents, nationally and internationally, and efforts are being made to improve quality of students at entry level through better selection procedures.

The clear distinction of study levels within the European Higher Education area may have created a common language for the international student market, but the University has felt the effects of increased competition. It is well aware that the next ten years will see increasing numbers of its best students seeking university education outside the country and it has taken up the challenge of matching exports with imports of top international talent. It has created programmes from Bachelor to Doctoral level in English and exploits its reputation (often deriving more from the international positioning of the School of Management rather than the University itself) and the appeal of Milan as a city to penetrate the international market.

“We teach an economically liberal philosophy but we must also live by the same rules, open to competition and market.” (Rector)

The University is in the fortunate position of being able to set a target to reduce its overall student population from 12,500 to 11,000 (7,440 undergraduates and 3,560 graduates) in order to guarantee a higher quality of student services and provide better staff-student ratios in the classroom. It has seen its application pool increase 15% in recent years, and while this may be partly attributable to a strong recruitment drive, the University believes that the recent Italian reforms have generated confusion in national student choice and that the perceived declining quality in the state sector has played to its advantage. Applications to the Bachelor programmes rose 13% in 2007-8, the highest increase since the selection process was introduced in 1984.

“When people are uncertain they trust the brand, it protects them. It becomes a virtuous circle.” (Dean)

While reducing overall numbers, it has set itself the objective of raising the international student percentage from 7.5% to 15%, in line with other European countries. (See Appendix D) This percentage is broken down into 10% of international students at undergraduate level and 20% at graduate level, with a target for a 50% international presence in its English-taught programmes. International student applications increased 23% in 2007/8 with around 400 international students enrolling full-time in a Bachelor or Masters programme. International student recruitment has already reached 1,500 students out of a total enrolment figure of 12,000 and the University is proud to be almost on a par with averages for the United Kingdom, France and Germany.

In order to raise institutional visibility, the University has introduced Merit Awards in collaboration with several strategic business partners for €1.2 million over three years to attract 100 top students to its Masters programmes from Africa, Asia and the Middle East. These generous scholarships cover total costs (fees and accommodation plus €4,000 annual stipend) and the money invested in these awards has allowed it to raise the quality of the international intake. It is hoped that the scholarship holders, principally from India and China, will become promoters for the University in their region.

“A crucial test will be whether we will remain appealing to international students without the Merit Awards – we are able to attract students from Eastern Europe but less so from China or from France, England, Spain ... we need to become more appealing ... slowly, slowly we are getting there.” (Dean)

It has compensated more stringent selection with an extension of its scholarship programme to ensure that higher barriers to entry do not result in social exclusion. A new form of financial assistance will be introduced in 2009/10 for need-based Bachelor students entitling those with the best results to a 55% fee reduction. This is in addition to other exemptions totalling over €11 million. (See Appendix D)

4.2.4 Developing innovative programmes

The University seeks to improve its programmes by aligning with the best international quality standards, by innovating teaching and learning methods and creating greater integration of teaching and research. An extensive review of all teaching programmes led to a reorganisation of its degrees ahead of the recent Italian law that sought to correct the distortions of the first Bologna-inspired reforms.

The University reduced the number of undergraduate programmes, created a common core of three semesters for all economics and business degrees and improved undergraduate orientation for more informed choices of specialisation. On the other hand, it widened the range of graduate programmes, offering new degrees in areas such as Arts and Entertainment Management and Management of Innovation and Technology.

It internationalised all levels of study offering 24 degrees taught exclusively in English for a total of 1,754 students (including 1 Bachelor, 6 Masters of Science and 4 Phd Programmes) and

has 14 double degree MSc programmes. (See Appendix D) It raised entry standards and removed automatic admission from undergraduate to graduate levels.

Evaluation of teaching via student questionnaires is now subject to more stringent review with consequences for unsatisfactory performance. Teachers are required to explain poor results and indicate the measures they plan to undertake to improve to the Dean of School. They can be referred to the University's Teaching and Learning Centre, but if teaching standards remain low, tenured staff are assigned to other tasks and non-tenured staff will not receive renewal of contract.

The introduction of formalised procedures with clear consequences for poor performance is acting as a form of social control. The University is investigating how to reward good teaching as well as ways to improve the quality of teaching and learning through the use of innovative teaching and learning methods.

Key input to the University's new programmes to ensure they are both innovative and competitive is provided by its national and international network of 70 strategic business partners, 200 partner universities and over 2,000 business links.

"[...] it is from these relations that the University finds the inspiration to design its courses. It is through to these companies and [...] partner universities that the University seeks new frontiers." (Rector)

University X measures its success in new programmes on the job market where 60% of MSc students are already in employment on their graduation day and the overall average time for employment is 1.3 months. (See Appendix D)

4.2.5 Providing internationally competitive facilities

Finally, it seeks to create an internationally competitive city campus infrastructure through major investment to improve educational, research and accommodation facilities and introduce state of the art technology.

In 2007 it inaugurated a brand new and architecturally adventurous faculty building that received an international award for innovation. It cost in excess of €100 million and was

entirely self-funded. It represents the new identity of the University that sees itself rooted in the city of Milan but with a strong European and international identity.

“Our campus is the urban and architectural expression of [the University’s] cultural vision characterised by innovation as well as the international vocation it shares with the city.”
(Rector)

Further investments in new facilities and technologies that can enhance the learning experience are planned. Accommodation places are to be doubled from 1,100 to over 2,000 by 2010 and the capacity of teaching and learning facilities improved.

4.2.6 Measuring progress

The five strategic areas of the ten-year plan are being driven forward with unrelenting energy and determination. The new strategy has significantly changed internal processes and introduced a coherent system of professional assessment and development. The new rules of the game are clearly set out in the Faculty Manual to ensure *“each action produces a reaction”* and there are clear results in a remarkably short space of time. The plan itself has a number of targets and indicators to ensure it is moving forward and the individual areas for development have their own sets of measurement. For the future the University would like to introduce balanced scorecards for each strategic area so that achievements can be measured more precisely and linked directly to resource allocations.

In order to fulfil its ambition to enter the top ten institutions in its field in Europe, University X exploits its own network of partner universities such as HEC, ESADE, London School of Economics and Copenhagen Business School. They are also its competitors and by measuring its performance against European’s top universities, it seeks to position itself more successfully and achieve greater international stature. Although it does not measure itself against Italian institutions, it monitors carefully those universities it identifies as local competitors.

“[The University] benchmarks itself against top universities in other countries to become more attractive – it seeks to imitate as much as possible but keeping its own model at the same time.” (Dean)

A plurality of instruments is used for performance measurement not only for institutional change and planning but also to maximise visibility and prestige in the international community. The University plans to become internationally ranked and accredited, following

in the footsteps of its Management School that has been rapidly improving its position in recent years. In 2008 the Financial Times ranked its Executive Education open programmes 6th in Europe and 18th worldwide, gaining six and fifteen places respectively since 2006. Its MBA was ranked 15th in Europe and 38th in the world in 2009 by the Financial Times. It also has multiple accreditations including EQUIS and AMBA and AACSB. (See Appendix D)

The University recognises it has no choice but to change if it wishes to remain a leading university in its field and sees in the global changes an institutional challenge but also an opportunity that it intends to exploit to the full. It is a message that it has repeated constantly both within and beyond the university to the media in general through a series of press conferences, and to its stakeholders in particular, the business community and Italian families, through a number of special events. The strategic plan was made publicly available and is still visible on the University website. The message of change is constant and consistent.

“It is not the University that is becoming more international, it is the market. The University has been the first in Italy to understand the change, but it is not a question of choice, there is no other way forward.” (Senior Manager)

4.2.7 Sustaining the transformation

The University knows that to maintain its leadership role it must be able to position itself internationally and that entering a competitive market requires excellence, rigour and international standards. It also knows that it requires significant funding.

“Change is not about prestige but about competition... We have significant share in Italy but we are just at the beginning of competition and need to become one of the top 5 European universities in economics and management. It is a matter of quality, but we cannot compete for example if we cannot attract top academics at top pay rates – we need to find the resources.” (Dean)

The University was in a strong financial position thanks to the careful attention paid to financial management in the previous ten-year period, but it required significant additional resources if it was to open up its strategic vision. While it had always rejected any form of fundraising for fear of losing its independence, the current President reappraised the approach in the belief that with appropriate management the University could exploit its brand value. It became the first university to launch a fundraising campaign in a country whose tax system

offers no incentives for charitable giving. It has set itself the ambitious target of collecting €100 million in 10 years for the realisation of its internationalisation strategy.

“We survive on our fees. Now we have a fundraising campaign but we do not allow ourselves to be conditioned by it, we ask for support of our strategic plan and we think it is in the interest of the country, of business and finance. Our academic recruitment policy is decided independently. We are happy to accept funding from those who support our plan. It is funding to support innovative investment projects, not because we need the money to survive.” (Dean)

It is again exploiting its vast network and has identified five strategic partners interested in developing a proactive and integrated relationship with the University and who have promised an annual contribution of €500,000 over a five-year period. Private donations for research purposes have been collected as well as a single €1 million contribution for new accommodation facilities. After only two years of fundraising activity €40 million, 40% of the target, was raised or pledged. The second phase of the campaign, which foresees the participation of alumni, is about to take off, taking cue from the planned unification of the alumni associations of the University and the Management School

“The results we have already achieved confirm that the goals of the [...] Strategic plan represent a common interest for companies, alumni and the country. The effort that has been made in more than 100 years of history to create and enhance [...] reputation is now rewarded by those we define as the University’s moral stakeholders, those with whom we share a mission and objectives, those to whom we are accountable for their investments and our commitment. The [...] University is and will increasingly be a collective project, based on motivating objectives that carry profound value and can be shared: independence and autonomy, social responsibility, pluralism in culture and ideas, solidarity with the principles of a free society, a strong link between theoretical research and professional practice ; a drive for excellence and innovation”. (President)

Despite the President’s ambitious declaration and the potential of the University’s network base that reaches far and wide into its stakeholder and alumni community, the fundraising campaign is now falling behind target, but rather than slow down implementation the University believes the only way to encourage further support is pushing ahead with its plan. The more it internationalises, the more it will be able to take its fundraising campaign beyond its own national borders. It is well aware of the risks that transformation entails but the

strategy is underpinned not only by a financial plan but in renewed governance structures to enhance realisation.

4.3 Governance as a driver for change

4.3.1 Governance model

The highest authority in the University is its Board of Trustees made up of 19 representatives on a four-year renewable mandate from the business and political communities. The University Foundation nominates the President and nine members (of whom at least three should be alumni.) The Rector represents the University and is a member for the length of the term (two plus two years). The national prestige of the institution attracts renowned figures to its Board, creating a very powerful and insightful authority able to provide robust advice.

“The Board is influential, it has very strong-willed members, top business leaders with huge experience – many top companies do not have such high flyers on their Boards. It is not a silent Board of Trustees.” (Vice Rector)

The academic community expresses respect and reverence towards the Board while maintaining a strong sense of independence. It does not feel conditioned by the different stakeholder representations.

“The Board of Trustees is representative of Italy and our stakeholders – local bodies, banks, businesses, Chambers of Commerce, the Ministry ... we have [national business leaders] on the Board but they do not seek to influence us in what we say, or suggest that we should speak well of their banks or businesses, that would never enter anybody’s minds.” (Dean)

The Board is influential and prestigious but meets only two or three times a year delegating administrative powers to the Executive Committee that meets five or six times a year. It is composed of five to seven members including the President, Vice President (if appointed), the Rector and the Chief Executive. The other members are nominated by the Board. (See Appendix E)

The Board appoints the Chief Executive as head of university administration and the Rector as head of academic affairs. Unlike in the state system, the Rector does not have financial responsibility. A system of appointment is perceived as positive to ensure efficient

management of the University. The mandate must be followed by the Faculty whether or not they approve the Board's choice of direction.

"The Rector is nominated not by the Faculty but by the Board: he has a clear mandate and even if the Faculty does not agree, the mandate must nevertheless be realised. The Rector is assessed according to the results; he does not have to reach compromise with the Faculty to be elected. Clearly, the Faculty must work with the Rector but the Faculty does not have the same weight as in a state university. The Rector does not have control over the budget, which is in the hands of the Board". (Dean)

The highest academic organ is the Council and is composed of the Rector as President, Vice Rectors, Deans and Departmental Directors. The Chief Executive is present without voting rights. The Council meets monthly and some of its decisions require ratification by the Faculty Board that meets only three or four times a year. The Rector has the option of creating a Rectoral Team and this smaller group (Deans and Vice-Rectors only) carries forward the work of Council and meets weekly. (See Appendix E)

Separation of powers is intended to create a balance between academic and administrative structures and prevent domination. It is seen as a good working compromise. While different personalities will work more or less effectively together, the structures and strategies are considered stronger than the individuals holding positions of responsibility. The academic community expresses a strong sense of independence even though it has no direct financial control.

"Finance is managed by the Board and the Chief Executive and the academics look after themselves." (Dean)

Whatever the challenges facing the University are, there is an understanding that everybody shares the objectives and works in the interest of the institution. The academic community expresses confidence in the administration to support their budgetary needs. The new strategic direction has brought about changes in many senior positions placing younger professionals in both academic and administrative roles which have led to a stronger sense of teamwork between the two communities. There is a strong sense of reciprocal trust but also a strong commitment to the 'rules of the game'.

4.3.2 Modernising governance -

Alongside an atypical Board of Trustees, the University had been run along a more traditional academic structure based on the state model with academic decision-making processes managed in a single Faculty Council of over 300 members. The University saw the need for a more streamlined and agile governance to realise the strategic objectives and enhance responsiveness in a more competitive environment. The Statutes have been rewritten to restructure academic organisation around five independent schools each managed by a Dean – Undergraduate, Graduate, Law, Doctoral and the pre-existing School of Management. While the statutes require some matters still go to the Faculty Council, its main role is now as a think tank and has fewer meetings.

The Undergraduate School manages all the Bachelor programmes with around 7,500 students and the Graduate School manages both Master of Science programmes and pre-experience Professional Masters with around 4,700 students. A separate Law school manages the Integrated Master in Law and pre-experience Professional Masters with around 1,300 students. All doctoral programmes are managed by the Doctoral School with around 160 students and the School of Management manages post experience Masters, including MBAs, and executive education with around 15,000 people attending the different programmes throughout the year. It is a separate structure within the University and while it accesses a few centrally run services, it has its own management structure and distinct strategic plan.

In line with institutional objectives, the five Schools run their programmes independently in terms of planning and managing course offerings and must be able to create effective links to academic and business partners in Italy and abroad, produce professional profiles in line with labour market needs and guarantee quality of education. Each academic programme has its own Director who is a member of the School Board. Currently, all institutional finances are managed centrally and therefore the individual business units do not have any financial autonomy. However, some degree of decentralisation is planned for some investments and expenditures, also to give greater visibility to results achieved in the different areas.

Decentralising the decision-making process is a change that has been both rapid and significant. It brings the Schools closer to their markets and confers responsibility for products and services. Key decisions are made at their monthly meetings. The matrix formula has effectively removed old ways of operating by eliminating the traditional Italian problem of

inward-looking structures and conflicts of interest that have prevented responsiveness to changing conditions.

“Before the axis was in the institutes and the departments. Now with someone like me in charge of educational quality, if a teacher is not doing well, that can be dealt with, whereas before that could not happen, nobody took that point of view. Before if a teacher wanted to teach a certain topic, nobody said anything. Today, eleven directors and I are responsible. At the end of the year we say who did well, who did badly, that changes everything. Individual academics have to take responsibility.” (Dean)

4.3.3 Managing the change process

Realising the strategic objectives is an academic-led process and the first Rector to implement the new plan re-established a strong academic role. He created a close-knit team of carefully selected collaborators, all of whom enjoyed a high internal reputation to guarantee authority of the change process. It represented a break with the past in a number of ways. It is a much younger team than in the Italian tradition of academic leadership and with significant international experience.

The team is also larger than the previous group of three (Rector plus two Vice Rectors for Teaching and Research) to a group of twelve academics, each with a distinct portfolio. They are the four Deans of the newly established Schools, the Management School Dean, the Vice Rector for Research, the Vice Rector for Human Resources, the Dean for International Relations, each acting as a driver of change for their own area of responsibility, the Vice Rector for Co-ordination with the principal task of integrating efforts and sustaining the process of change and the Vice Rector for Governance. The Chief Executive is also a member as an interface with central administration to ensure effective communication and support.

The team’s role is to implement long-term strategy decided by the Board and acts as the fulcrum and driver for change. It meets weekly according to a heavy agenda and strict deadlines. The pressure is punishing with all members continuing to carry out their teaching and research duties. The many tasks assigned to the senior management team are supported by the co-ordinating function which maintains fluidity of relations and ensures compatibility of the different roles and responsibilities. The co-ordinator also applies constant pressure to drive plan forward and ensure an efficient “freezing process” as new mechanisms and procedures are embedded into the institution. He seeks to solve problems and conflicts as they arise and

ensure they are kept out of the public domain. The organisation appears to function as a well-oiled machine but there is still much internal resistance to the new direction.

“With this type of change you have to be satisfied if the process is moving forward, even it leaves a trail of victims, you have to keep making the effort. It is the price the institution is prepared to pay in order to reach its objectives.” (Dean)

The first team saw their main purpose as one of generating buy-in to the new system by raising the levels of acceptance, ensuring constant attention to the details of the plan and producing the first tangible signs of success. The ensuing phase of creating appropriate monitoring processes for review and remediation would be the responsibility of the next team.

Communication played an essential part in ensuring the plan gained acceptance in the institution. At the time of development and implementation there was no institutional sense of crisis or any perception of any need for change and the message for a new strategic direction had first to be put across convincingly to the whole university. An extensive consultation process was undertaken with considerable effort made to ensure relations were properly managed between the different groups and that the process was perceived as transparent and participatory as possible.

“Change requires sacrifice and so resistance is high. You have to be able to overcome that with a clear plan and high level of credibility in the leadership group, an ability to convince that the sacrifices of today will be rewarded tomorrow and then you overcome resistance.” (Rector)

The change process has been carefully managed to ensure the translation of strategic objectives and principles into operational mechanisms and commitment from its members. Opening up to international competition with inevitable internal consequences of differentiation has required a carefully measured mixture of persuasion and determination to ensure that the process is accepted and properly implemented by the academics themselves.

“There was a strong push from the Board, led by the Rector’s team. [...] There is going to be resistance so you need to be able to push it through with a strong top-down approach.” (Vice Rector)

The team has only very limited time to ensure realisation of its objectives with terms of only two plus two years. However, the choice of a short mandate is supported by the academic leadership who express strong belief in the ability of the system itself to provide continuity while its members are the key instruments for innovation. The short mandate encourages cohesion in the team and drives their ambition to achieve results before their time expires.

“All positions are for 2+2 years, [...] when your time is up you pass the baton on to somebody else, when the rector’s term is over, yours is too, it is a sort of spoils system. The new rector chooses a new team, what is important is that you are part of the team and share the objectives. You only have four years to reach your goals, so you have to push hard and make sure you have a good team around you. Continuity is guaranteed by the system which rests on solid foundations.” (Dean)

“A short mandate is better for innovation, innovation happens in the first years and continuity is guaranteed by shared objectives and strategy. Of course you have to choose the right leader and maintain the pressure for innovation, necessary in a fast changing world. The system provides continuity and innovation this way. The changeover is delicate and risky but it helps innovation and it has been a precise choice.” (Rector)

4.4 Power of institutional culture

Change has always been a genetic characteristic of the University but the new strategy has engendered a complete rethinking of institutional objectives, organisational structures, functions and operations that have dramatically accelerated the pace of change and are altering the institutional culture. However, the leadership has been extremely careful in turning the existing culture to its advantage by building on internal behaviours and values it seeks to give them new meaning in order to make the transition to the new model.

The close interaction with its Board of Trustees has enabled it to develop acute awareness of the environmental changes. It has taken the global challenge and transformed it into a new ambition for the university as it sets itself the bold objective of becoming one of Europe’s top five universities in business education. It is well-aware that a national ambition has lost its meaning in the new higher education environment for a University that seeks to be at the forefront of its field. It is driven by its own internal desire for leadership.

“Our ambition is that [University X] is recognised internationally as a leader in economic and management research – not the best Italian university, but recognised as a world leader. It cannot compete with Harvard because it does not have the resources but it wants to be a leading European institution with international students and an international academic community that carries out international research.” (Rector)

The leadership has been successful in creating a sense of urgency, despite the lack of any perceived crisis, and has drawn on the natural competitive spirit and desire for excellence within the institution in order to focus the academic community in the direction of the objectives. It has demonstrated the capacity to build a vision for the University and develop a credible and convincing project as well as strategic ability in implementing the changes and reaching results.

It is a broad leadership group made up of the Board, the Administration and the Rector’s team that have open and frank working relations in their internal interactions but who speak with one voice to the external communities. Their capacity to lead the change and present a united front to the wider university community have been key tools in overcoming resistance and creating cohesion across the institution.

“[...] this is a community that knows it has to align, that is the way it has worked in the last 100 years, it is in the culture.” (Vice Rector)

The new culture is one that makes several breaks with the traditional Italian academic model that has dominated in the University throughout its history, even though it may also have had some specific institutional characteristics. International standards for recruitment and promotion based on merit and transparency and the re-organisation into schools on a matrix structure for greater responsibility and accountability have been driven through with absolute determination and brought about immediate changes in behaviours and outcomes. The University conveys great institutional confidence and capacity for self-renewal.

“There are no protected positions any more and that type of change produces strong resistance. For the Italian culture it represents radical change.” (Vice Rector)

The University is also seeking to encourage stronger entrepreneurial behaviour towards income generation in order to move beyond dependence on tuition income. It is doing so

partly at institutional level by venturing into the unknown territory of fundraising, but it also seeks to exploit and reward the energies of individual academics that are able to demonstrate ability for entrepreneurial endeavour in research and associated services. It is building the foundations for more vigorous institutional entrepreneurialism.

“Change also means making the most of positive aspects and minimizing negative aspects. [The University] has always had entrepreneurial academics who have always sought to innovate in teaching and research, in relations to business and so on. So there was already a tendency towards self financing – it was important to channel this tendency and make expectations and behaviour of academics systematic. We have enhanced this aspect.”
(Rector)

The University has also been able to build on a strong sense of self-determination that is present in its culture. The University is accustomed to interacting with its powerful and influential Board, with its external stakeholders and pressure groups, but maintains a very strong sense of independence that defines its identity. The University believes that it controls its own destiny.

“We have no owners, nobody can tell us what to do, neither the state nor the business world.”
(Dean)

As long as it is part of the national system, it is inevitably constrained by the regulatory framework but its sense of identity and ambition drive it to overcome these constraints. It is not only its financial and social capital that empowers it to chart its own course but its sense of identity and determination to fulfil its ambitions. University X has always been prepared to push the legislative boundaries to the limit in order to follow its own strategic choices and its innovative ability has often created models that the state itself has later adopted as standards for the system.

It has a tradition of an outward facing culture that enables it to cope with external challenges but also to respond to opportunities. The acceleration of change through the Bologna Process in Europe was identified by the leadership as both a challenge and opportunity for change and they were able to exploit a key moment in time.

“The Bologna Process helps because it creates a break, and you have the opportunity to insert other breaks in the discontinuity. It is hard for a successful institution to change, so you need an exogenous element. [...] Our change was driven mainly by the President and the Board but the Bologna Process supported the change.” (Dean)

The focus on international alignment is clearly moving the University away from the national model and creating greater diversity with its own system of reference than in its 100 years of history. Its ambition and drive for excellence have enabled it to understand the future challenges and recognise opportunities for change. It is well aware of the dangers and seeks to balance risk through a ‘first mover’ strategy exploiting its position of strength and undisputed dominance in the national market. It combines rapid response with long-term vision.

“The risks are not reaching the objectives and we are aware of that possibility and have taken it into account. The University does everything in its power to manage those risks by taking progressive steps, not making massive change in a short period of time. The University is patient and is aware that the objective of strengthening international prestige will be reached in the medium and long term but that the pace must be accelerated now. This is the moment of change, it is important to move ahead rapidly, if we move slowly we risk being marginalized, and then it is even harder to change. There will not be many national champions, there is not enough space or resources and there is increasing competition in the world for talent. Those that succeed will be those who move first, and those who are on the outside today will be further marginalised tomorrow. Being a first mover is a way to contain the risk. We want to move ahead of the determination and decisions of others and be the first to emerge in an increasingly competitive world.” (Rector)

University X’s deeply engrained sense of institutional identity and purpose have been accumulated and stratified over 100 years of history to form a clearly defined and shared culture that is deeply embedded in its saga. Its beliefs and behaviours have influenced its new direction and the new culture emerging out of the old is based on the same values and principles on which the University was founded. They have been given new meaning in a new environment by its insightful and determined leadership. There is strong institutional pride and sense of excellence that holds the leadership group together and drives them forward unrelentingly in their efforts to realign the University to the new conditions. They know the University has no alternative but to change, but it is more than a question of survival: it is the

ambition to transform the University into a global player and place it firmly on the higher education map of excellence.

“It is a form of entrepreneurial judo – either you become a victim of the change or you go beyond the change.” (Dean)

The University is able to combine ambition and adaptability, intuition and opportunity, It is able to give new meaning to old values. It finds itself in a new environment and aligns accordingly. It looks outward and forward and even as it engages in a process of institutional transformation it is already imagining its next reincarnation. It is living and learning in a process of adaptive ambition.

“I don’t exclude that 20 years from now we could be a university based in Milan but with other teaching and research locations, perhaps in partnership with other leading universities in other parts of Europe or the world, in the West or the East. The tendency for universities to follow an internationalisation policy that also includes delocalisation is already happening and I do not exclude that the future University X will have created a reputation in London, Berlin and Zurich and could follow the same strategy. A complete internationalisation project is not only exporting competences but also internationalisation of structures.” (Rector)

CHAPTER FIVE – A SAGA OF MINDFUL MUTATION -

University Y⁸ is an example of an organisation that in its short history has developed a capacity for purposeful transformation and redirection in the face of inevitable crisis. It shows willingness to open its doors to new ‘institutional builders’ who are able to rekindle its desire for excellence. Although a changed leadership may introduce new ideas and behaviours, it is able to interweave them into the many valuable characteristics that have become part of the institutional identity over the decades and which are written into the ‘imagery of the saga’. The University is currently undergoing a new mutation, a conscious choice for transformation in order to preserve its identity and prestige.

5.1 Shaping the saga

The original institution was founded in Rome in 1949 in the specific context of the post-war years by a religious order that had a vision for a new type of business education based on three fundamental elements: practical application of study and research, contribution to national economic recovery and promotion of Catholic values. The University had an international Board of Trustees that provided the necessary financial support to operate independently outside the state system. It recruited local students to its degree courses in economics and political sciences but also offered part-time post-graduate courses in languages, journalism and communication that were attended in significant numbers by students recruited from Latin American faith schools. Teaching was done by priests alongside state sector academics who were carefully selected to ensure close adherence to the project’s Christian mission.

While the original mission and organisation would survive only a few decades, its founders gave the University a set of key values and principles that would shape its distinctive identity. A student-focused educational model and a role of service to a wider community have remained key to the University’s mission and an international dimension has always been present in one form or another. Institutional autonomy has been an integral part of the University’s sense of purpose throughout its different stages of development and with autonomy there has always been the challenge of sustainability.

⁸ Further institutional data are provided in Appendixes D and E

5.1.1 *Seeking sustainability* -

The University's founder and first President dedicated much energy to ensure financial support for the project. Despite the constant financial challenges, University Y was successful in attracting students and by the early 1950's had grown to over 1,200 students. It attracted the interest of the local and national business community and a number of leading companies sought closer involvement. An association was founded in 1955 that would provide the University with financial support and a number of business leaders, representing the Italian Confederation of Industry, joined the Board. While the presence of the national business community lent credibility to the project, it also diluted the influence of the religious order, not only in institutional policy but also in the educational environment where they were increasingly replaced by state sector academics and experts from the business community.

The new arrangements provided stronger financial security, but the University felt the need for greater legitimacy and taking inspiration from the model of other "free" universities, in particular University X, it sought entry to the state system in the 1960's. With state recognition came the requirements to adjust its academic offerings, align its structures and sustain the increased costs of tenured faculty. It chose to model its new organisational requirements on a small state university with whom it already had a special relationship for the provision of contracted academic staff, but at the same time sought to retain its distinctive mission. Its focus on attention to student learning led it to introduce compulsory attendance which progressively eliminated part-time students, effectively altering the student type to a full-time, undergraduate national population and losing its connection to the faith schools in Latin America. It was becoming an increasingly Italian institution.

5.1.2 *Crisis as opportunity*

The 1970's were a decade of turbulence for the Italian economic and political system and the young University was not spared its own set of challenges. Growing debt threatened its viability and many pledges of financial support had simply not materialised. The companies whose names were associated with the University were concerned that institutional failure would impact negatively on the image of the Italian Confederation of Industry (ICI) and in 1974, in agreement with the University's Founding President, they took control of the University. The ICI President, a national business and political figure, became the University President and was to play a key role in institutional development until his death in 1993.

The new owners launched a business plan to overcome the growing budgetary difficulties, revise the academic offering and re-establish institutional reputation. They were keen to create a distinctive model of education that would both create a break with the original religious identity and distinguish the University from the state sector model. It would nevertheless have to seek that distinctiveness within the limits of state legislation. One key principle that the Board enacted was to make the University self-sustaining via a policy of increased tuition and increased enrolment. Under the new management, students became the principal funders of the University.

The 1980's saw many changes in academic services and structures. The University widened its course offerings to include an innovative programme in law and transformed the post-graduate courses that had been active since its foundation into specialisation schools. It founded a Management School offering executive education in 1984 and offered its first MBA programme in 1991. While its main focus was as a teaching institution, it set up a small number of research centres principally for applied research. New buildings around the original location were acquired or rented to accommodate the expansion.

It completed its academic organisation of three Faculties in Economics, Political Science and Law by 1984 and increased the number of tenured posts, although the majority of teaching continued to be carried out by non-tenured academics from surrounding state universities and adjunct staff bringing professional knowledge to the classroom. Legal requirements restricted curricular content, but it exploited margins of autonomy to adjust the course offerings to the changing needs of the labour market. Investments were made to give students added value through opportunities for work experience and international study to enhance their profiles for employment.

Student numbers doubled between 1983 to 1993 taking enrolments to over 4,000. The new recruitment drive had focused beyond the city to the Central Region and to Southern Italy in particular where a shortage of universities and lack of business education opened up a new market to University Y. Its recruitment drive was so successful that by the mid 1990's, 40% of the student population came from the South. Its reputation spread as student numbers increased and when a former University X Rector was appointed to University Y, it earned itself the name of "University X for Central and Southern Italy".

The explosion in numbers was an indication of growing prestige and popularity and guaranteed the necessary financial income, but the University saw the need to match access to capacity and maintain standards in student services. It was a hazardous choice for a young university but the strategy paid off. While selection was originally introduced to maintain quality, it was to become a distinctive feature of the University in contrast to the open access policy of the state sector, enabling it to attract a wider application pool and raise admission standards. It gave tangible meaning to the new management style as quality through competitive selection became its market penetration strategy. A constraint had been transformed into strategic choice and integrated into the institution's identity.

By the mid 1980's a strong sense of institutional success had emerged and the new President spoke with pride of the University's achievement.

"In 1978 I took over the Board of Trustees and became President of this University. Such a decision was considered reckless. At that time it was thought that the University would not survive long. In the years since 1978, thanks to the academics and the students, [the University] has gained prestige: today that prestige reaches well beyond the University itself."

The University's identity was firmly established in its belief in self-determination and its commitment to excellence in socially useful education and research. In the space of a single decade it had built up national reputation and credibility. The President who had steered the University away from failure and guided it through the change was to lead the institution forward for another decade and, in recognition of his achievement, his name was given to the University on his death in 1994.

5.1.3 A first mutation

University Y had seen the light in 1949 as a small, fully autonomous institution with a Christian mission to educate a new generation of business leaders in post war Italy and by the turn of the century had evolved into a non-state university affiliated to the Italian Confederation of Industry. It had seen a number of transformations: from a religious to secular institution; from a principally postgraduate part-time student body with a strong international component to a young undergraduate full-time student population from Central and Southern Italy; from an academic community freely selected according to a Christian project to one that had to meet both the criteria of state requirements and the institutional profile; from a financial

model of private donations and state-aligned fee levels to a self-sustaining model based on tuition at 'market-rates'.

It had discarded the old for a new model but had preserved its original sense of purpose and set of values; its mission was one of service to the community through the provision of quality education and research. It had overcome the vulnerability of insufficient funding and change of ownership, but the difficult cohabitation of state legislation and self-determination had often restricted interpretation of distinctiveness to 'quality of service' rather than a genuinely diverse model. Alignment to national standards was limiting its ambition and innovation capacity for excellence.

5.2 Strategic response capability

While the University declared the need for renewal in a changing global environment, it did not carry out any significant transformation in the decade following the President's death in 1994. The period of stasis came to an end in 2005 with the arrival of a new President who sparked off a process of rapid and profound transformation. As a successful, high profile business personality and president of two internationally renowned Italian companies, he was well aware of the profound effects of globalisation and foresaw that the University would find itself out of step very quickly if it did not reassess its position and make significant change.

"The University was resting on its laurels, it had a good name but there were some question marks. It had become encrusted and the owners were not happy at all. The mandate to change came directly from the ownership, the market was changing and the University ran the risk of lagging behind, its courses were not useful, it was too traditional, it lacked innovation."
(Managing Director)

University Y was not in financial crisis, despite the accusations of poor management. It enjoyed a reputation of excellence and was well placed within the national system. However, its reputation was built principally on the quality of its graduates and it was in danger of losing that advantage.

"Students come here for security of employment, but the professions are changing and they require new skills and knowledge." (Rector)

The University had positioned itself on its ability to attract talent and it was feeling the first effects of a more competitive environment as a result of the Bologna Process reforms. The new two-cycle structure opened up opportunity to its students for graduate education abroad and the University was not in a position to attract international students to compensate the losses. The early signs of shortfall could not be curbed by a wider national recruitment pool. It already attracted the best students from its traditional regions of the Centre and South and University X had captured the market in the North. Moreover, some of the local state universities were becoming more attractive through improvements in course offerings, facilities and services.

5.2.1 “I” for International

Since its inception ‘international’ has appeared in University Y’s name but by 2005 this had practically become devoid of any real meaning. The Board expressed the clear conviction that the only way forward was internationalisation, not only to guarantee survival but protect its reputation for excellence. It set itself a vision as an innovative university with international standards of excellence for teaching and research and the competitive ability to attract students and scholars from the best universities worldwide. It aimed to position itself amongst the top 25 universities in Europe in its three fields of specialisation.

“This university has always sought excellence; it has the search for excellence in its DNA. That comes from its governance, its top management. It would never want to be a second class university, that’s not what it is in Italy, and when it understood that in the international university market it ran the risk of becoming second class, it knew it had to take serious action.” (Vice Dean)

The Board had chosen the strategic direction and it wanted a team with the right competences to realise the new vision. The first step was to make changes at the very top of the organisation and a new Managing Director and Rector were appointed, both with very different personalities and profiles from their predecessors. The new Managing Director was a well-known business leader with 40 years of experience in both the private and public sector. The new Rector came from a long and successful academic career in the state sector and a track record of successful institutional leadership and reform. The Board established the general principles for change chose its new representatives and gave them the authority to develop the new plan. The University was to be relaunched for the second time in its short history and after only 30 years of the new ownership.

5.2.2 Analysing strengths and weaknesses

The University set up a group of internal and external members to carry out an institutional and environmental analysis. The findings highlighted clear threats from the increasingly global higher education market and the shortcomings of the national system, but it also pointed to opportunities for the institution to offer new qualifications for emerging professions, increase its market share in Central and Southern Italy (despite declining Italian demographics) and exploit its reputation for the development of new income streams via collaborative efforts with its stakeholders.

The analysis pointed to a number of distinct competitive advantages for the University through its affiliation with the Italian Confederation of Industry, its location in the heart of Rome and its reputation for selectivity, its attention to students, an academic community with strong professional connections and a streamlined governance structure. However, there were also critical areas that required attention for internationalisation. It lacked the ability to attract international students, it had little innovation in teaching and learning and there was varying quality of standards in student services and lack of relations with the international business community. In research it had little visibility or reputation and lacked an appropriate academic recruitment policy and incentive scheme. Finally, and most crucially, it had insufficient financial resources in the current budget to carry out the necessary changes.

5.2.3 Developing the plan

The University reaffirmed its commitment to an innovative and socially useful educational model underpinned by critical thinking, ethical conviction and international vision. It introduced a forward looking dynamic into the mission reworded as *“Anticipate change and build the future, training leaders for private and public sectors, professions and research”*. The mission has been given concrete form in a five-year strategic plan for renewal that identifies five key areas for internationalisation: alignment of educational offerings, enhancement of research, improvement of structures and services, creation of international visibility, and increase of income. Each area has a set of targets to ensure contribution to the four overarching strategic objectives: institutional positioning, attraction of talent, lifelong learning and sustainable development.

The plan was launched in 2006 and each individual initiative was assigned a start date over a three-year period until 2009. A first set of actions were put in place to build internal efficiency in structures and processes, increase national visibility and identify new income streams.

These were followed by actions to improve education and research and the final set of actions currently underway seek to further enhance excellence and reputation.

1. Enhancing services and structures

Quality of service had always been key to reputation but the review revealed a number of shortcomings. An immediate improvement would provide a tangible message of change to the student community and raise levels of satisfaction.

“We only have competitive advantage if our level of student attention stays high. We have to look after each student individually, to ensure their transition from university to work, and we are putting a lot of resources into that.” (Managing Director)

Internal surveys were used to assess satisfaction with services and changes were made to ensure greater accessibility and speed of student services. Investments have been made in orientation and tutoring services to enhance academic opportunity as well as in extracurricular activities, not only for students to develop their key management skills but also to generate a stronger sense of belonging to the student community.

“We have a wide range of associations that run magazines, organize events – they learn to do everything from room hiring, printing, contacting contributors so that they learn to take responsibility, deal with people, and negotiate. We even have a radio station that transmits 8 hours a day, like any normal radio station, they have learnt to manage it themselves. It’s all voluntary – a group of students have set up a marketing company to find resources for the radio, sooner or later it will be pay its own way – that way they learn about the real world.”
(Managing Director)

Successful transition to the work place is paramount and a series of new services have been introduced to ensure students understand how to promote themselves to potential employers. Individual assessment and guidance is offered by an external agency. Introductory professional workshops are run by a pool of 50 recently retired high level managers. Small groups of graduating students spend an evening over dinner with a top manager where they can learn and network. In-house job fairs have been revised to bring in a wider range of employers and now host around 100 organisations, an increase of over 60% in comparison to previous events.

Surveys that provide feedback on the quality of its graduates in the workplace have been revised to provide more detailed information from different angles. The Placement Office

gathers information from Human Resources Managers in a select group of companies and organisations on the strengths and weaknesses of its graduates, emerging professional profiles and required competences while a new agreement with the Alumni Association enables regular information to be gathered on how new graduates perform in the first five years in the work place and what tools enhance graduate careers.

The University wanted to concentrate its activities in a smaller number of purpose-built facilities and amid great fanfare, it opened its new high tech campus in October 2007 in the heart of Rome's most exclusive district. It has transferred the Faculties of Economics and Political Science to the new location which is linked to the central building with a regular shuttle service in 10 minutes. Visiting professors are accommodated at the new location while new halls are being planned for international students.

2. Communicating the changes

The University invested in a nationwide campaign to strengthen its image and promote the changes for the purpose of income generation. The new Managing Director's experience in public relations was exploited to generate strong media visibility through publications, statements and interviews with key figures. New recruitment activities were introduced such as road shows and targeted communication exercises.

The recruitment campaign produced immediate results with a 30% increase in applications in 2006/7 and a further 10% in 2007/8. It has also maintained high standards of excellence with 63.4% of its student intake obtaining over 90/100 in the Italian school leaving certificate against a national average of 24.6%. The University attributed its success to a well-delivered and managed campaign that set out clearly the new educational objectives and pledged investments in services and facilities. It also felt that a growing lack of confidence in the state sector was playing to its advantage.

Another key objective of the recruitment campaign was to stimulate applications from Northern Italy. An ability to attract students nationally was seen as essential to removing the label of a University for the Centre and South. The campaign went for the first time to a number of towns in the North and student numbers from this region rose to 2.9%, a small percentage but a significant increase from the previous share of 1.2%.

A second information campaign was launched through regular and carefully controlled press releases communicating the new strategy to both the general public and more specialised audiences. There are also initiatives to inform alumni as part of a wider strategy to establish

long-term relations for professional development and graduate placement as well as maximise fundraising opportunities.

3. Aligning the educational offering

The principal focus has been on redesigning the degrees to ensure content, methods and outcomes were aligned to current and future market needs. Bachelor qualifications were restructured to provide basic academic grounding in the discipline as well as a common core in general knowledge. A degree of specialisation was introduced in the final year and linked to programmes at the Masters level. The number of degrees offered at Bachelor level was reduced and a revised range of Masters programmes selected. (See Appendix D) While the University was forced to hire more tenured staff to meet the minimum national requirements for each degree programme, the painful process of rationalisation was assisted by national legislation measures to correct the distortions of degree proliferation.

“The reform has enabled me to make drastic changes – I have to eliminate around 40 courses and so for the first time the Dean is chopping heads. I am sorry to lose many of them, they are good teachers.” (Dean)

Alignment with market needs has also meant greater internationalisation of content as well as the introduction of English-taught programmes. These have been planned principally in the Faculty of Economics where the shift has been from four undergraduate and four graduate programmes to only two undergraduate programmes, one in Italian and one in English, and a target of five to seven English-taught Masters with around 50% international students by 2012. The Bachelor in General Management was launched immediately as a joint programme in collaboration with a Dutch partner institution and an international recruitment campaign has brought in the first small cohort of full-time international students to the University. The University also plans to boost its existing scholarship programme and create pathways of excellence for talented students. Efforts are underway to modernize teaching and learning methods throughout the University.

Executive education is also being redesigned in collaboration with the Business School which functioned until recently as an autonomous unit. It was founded in 1985 as part of the University but became a separate company for more streamlined management and faster market responses. Unsuccessful management brought it into financial difficulty and the new plan reintegrated into the university structure in 2004 with its Director now reporting to the Rector and Managing Director in the new organisation chart. The School has turned around

its financial situation and plans to hire its own academic team as well as create stronger links to the University's academic resources for teaching and research. It is currently innovating its course portfolio which includes a new MBA for the aviation sector, an international MBA and a special focus on professional development opportunities, aimed specifically at alumni.

University Y is introducing new mechanisms to monitor teaching and learning quality. It has always considered student evaluations as an important source of information but in the past there was tolerance of poor performance, the evaluations are now being increasingly used to take remedial action. Teaching staff are offered opportunities for improvement but if they are unable to reach an acceptable standard they can now be 'recycled' and moved to smaller courses. Non-tenured staff can be removed.

"Student questionnaires are acted upon, before there was no consequence, now lecturers lose their job if the reports are poor." (Dean)

The University is introducing a series of new initiatives for continuous quality improvement that draw on internal and external competences and will encourage the diffusion of external and internal best practices. While staff already receive additional remuneration for teaching loads above state requirements, the University is investigating schemes to reward not only quantity but also quality of teaching. However, it is cautious about over-spending and careful that financial reward mechanisms do not generate internal jealousies.

Annual Faculty conferences are held with all teaching staff to analyse outcomes and explore new solutions. Regular meetings are held with key business and academic leaders to monitor and update programmes and evaluate introduction of new degrees with strong market demand. This has led to the decision to introduce a new Master in Financial Engineering aimed specifically at the international market. The long-term strategy is not about expanding the educational portfolio but about identifying niche markets where it has competences and can excel and build its reputation. The University is considering launching new initiatives in co-operation with international partner universities.

4. Building research capacity

The plan aims to renew the academic community and reorganise research according to international standards. The University faces the national problem of faculties that are top heavy with ageing full professors, and in addition has only a small body of 78 full-time staff.

(See Appendix D) It has established new recruitment procedures and career tracks to build a younger, more international and more permanent academic community that can improve research quality and reputation over time. This means not only recruiting on the international job market but abandoning its traditional approach of nurturing its own graduates up to doctoral level for an internal academic career.

The new career policy offers young researchers a six-year contract on an attractive salary but if they do not reach the expected standards and outcomes they are not offered opportunity for tenure. This is a major change. The University's previous policy that was in line with the Italian academic system where tenure is offered at the beginning of the career on a low salary and increases only with seniority without any incentive or reward for performance.

"We have set very precise rules for selection and hiring that were not there before, so it has become very hard to hire friends of friends." (Managing Director)

The University has identified strategic research areas for investment and is setting up an incentive system for research publications in international journals according to international standards. It seeks to make the research departments viable in terms not only of research output but also in income generation. It has a 50% co-funding model to match awards of research funding and has introduced an internal gift mechanism of a 50% profit share if results are achieved without using all the financial resources. Creating an interest in international research reputations is generating a shift in individual behaviours away from the traditional focus on journals, books and monographs for an exclusively national audience. It is also a very new departure for a University whose main focus had been on teaching and applied research and where research departments were established as late as 2001.

Investment in international research is not only to build a reputation but to produce transferable knowledge to its stakeholders. University Y is aware that it has a privileged link to the Italian Confederation of Industry but is well aware of their high expectations for investment in the University.

"What is changing today is that the University is asking its academics to become professional academics, whereas before it asked professionals to become academics. That is a real change."
(Vice Dean)

Alongside long-term investments it has introduced a number of short-term measures. It offers five-year contracts at international remuneration rates to mid or senior career level academics, mainly from English-speaking countries that spend one or two semesters at the University. Academics of high standing are also brought in for short periods on a reciprocal basis through agreements with international partner institutions where the University can exploit the strong attraction of Italy and Rome. Their presence brings both prestige and new ideas to the institution. They help define research objectives and identify international research talent.

The first results of the new strategy are apparent and overall average research quality is increasing. There is the challenge of building excellence in three distinct faculties and there is still debate on which research areas the University should focus on and to what degree it should specialise or keep its research interests as wide as possible. Funds made available by the University have initiated the change but are not enough. It has concentrated part of its efforts on participation in EU funded projects to build the networks and fund the projects and has already succeeded in doubling the number of European funded research activities. It is working on stimulating greater interest in the business community to sponsor research but faces the challenge of a lack of tradition in research collaboration with industry. It wants to build up its resources, both human and financial, and create greater synergies between pure and applied research, across the disciplines and between the University and the Business School.

5. Entering the international community

The final stage of the strategic plan foresees a series of initiatives that will link the University at different levels to the international community. It will seek to develop strategic partnerships with top international universities and business schools for exchanges and double degree programmes. It plans to set up an advisory board drawn from the international business community to foster work experience and placement opportunities in top companies and create a multidisciplinary research institute to promote international visibility and facilitate partnerships and networking.

Becoming an international university means not only joining the international community but also opening up to evaluation according to international standards and it plans to form an external scientific committee with members from academic business and political communities who will act as guarantors for validity of research and reliability of quality procedures.

It continues to watch a number of national universities closely that it considers to be competitors, including University X, but has also begun to benchmark itself against a number of European Universities it has identified as models and competitors such as Warwick, Pompeu Fabra, Paris Dauphine, Zurich and Karlsruhe. An internal group of academics and administrators are developing institutional assessment criteria according to the indicators of the principal international rankings (such as Financial Times and Business Week) that can be linked to incentives to improve overall university performance. Once it has attained certain standards, it will seek assessment in the rankings as well as apply for international accreditation of its programmes. This will not only enhance its international reputation and visibility but enable it to revise its tuition levels.

6. Financial vulnerability and innovative resourcing

The plan is well under way and the institution has a strong sense of forward momentum but the overall sensation is one of having much to do and little to do it with. The University is funded principally by student fees which account for around 70% of income. It currently receives less than 10% from state funding and earns around 5% from research with the rest of its income deriving from commercial activities and donations from banks and financial organisations. (See Appendix D) While the central location is given free of charge by the sponsoring body, it does not own any property and has to pay rent on the other buildings. The recently opened new campus costs €6 million a year. Its total income represents an annual budget of around €60 million, a sum that is sufficient to run its operations but not to realise its ambitious plan for change.

“The plan is bigger than our capacity, which is natural. It depends on us finding the funds, but we can’t go back. We have decided to internationalise, we can’t change our mind and decide to focus only on the Mediterranean Region.” (Rector)

The strategic plan met the approval of the Board and resources have been allocated for a five-year period but the University is seeking to increment its income streams in the long term. It decided against any significant increase in student numbers to preserve its identity and guarantee service levels. The current numbers are around 6,600 and it has placed its maximum capacity at 7,000. (See Appendix D) It has benchmarked itself against other private Italian universities and sees no room for significant fee increases in the short term. It currently charges around €7,000-9,000 per year and does not see itself being able to align with University X, partly because it serves a less affluent region and partly because it does not enjoy

University X's reputation. While an increase to around €10,000 would make a significant impact on teaching resources, it could have a negative impact on enrolments, especially in the current economic downturn.

The Faculties are finding creative ways to stretch their budgets to the full in order to maximise investments in human resources. By removing older non-tenured staff on highly paid contracts, they can bring in two or three junior staff with a stronger research profile for the same amount of money. Monies normally reserved to pay academics for coordinating functions are being reallocated to fund new courses that introduce students to different career opportunities.

The University has decided to venture into fundraising and has added it as a new function in its organisation chart. Its first initiatives have been through increased participation in national and international research tenders and it has begun to develop closer links with its alumni as a future resource. It is now studying different ways to expand into new area of sponsorship with its stakeholder community in order to build more substantial income generation for long term strategy.

"It is difficult to convince businesses to give €10,000 or €100,000 to a university, without receiving any consultancy or whatever in return, regardless of [reputation]. It is a fine art finding the right formula that is not strictly commercial but convinces the third party to finance a project. The company is not buying a service, or a brand, but it is helping to fund, say, a research project or scholarship in an area that is of interest to the company." (Deputy Director)

It is looking to cultivate institutional relations and develop partnerships that bring mutual advantage, and one point in its plan that will play a key role here is the development of greater synergy between the Business School and the University to allow greater reach into the community for the provision of executive education and applied research and enable more direct contacts to stakeholders. This is expected to be more effective in the long run than the current practice of links through the various industrial associations connected to the Italian Confederation of Industry.

While the imperative of long-term sustainability will remain a constant challenge, the University is confident that the changes will enhance its visibility and prestige and create financial opportunities. It is encouraged by the real changes and successes it has achieved. It

has earned the trust of the Board and that has been translated into financial support. There are still many outstanding questions about how to take all three faculties in a small university to levels of internationally recognised excellence, but it knows it must now produce tangible results to prove its capability for self-renewal in a global environment.

“With a good strategic plan in place for the first time the Board has opened up its purse in a way it had never done before and now we have the guarantee for the development of human resources for the next 5 years with significant amounts of money. Now we can move. It is the hardest phase because actions must follow words – and in part they have, because suddenly we have a high number of international academics and visiting professors. If we can continue in the next one and a half, two years then we will see if all is going according to plan or if we are reverting back to the old system. It is a period of extreme and demanding activity.”
(Rector)

The University has made the strategic choice to position itself among Europe’s top 25 universities and seeks to find a balance between its traditionally local and new international identity. It believes it can still prepare graduates for a local market in traditional employment but it is also convinced that local jobs will increasingly have an international profile. It sees continuity and complementarity, not contrast, in the two identities and that by opening up to international co-operation and competition it can prepare graduates that will be recognised as part of European elite.

“We had to restructure to ensure our graduates would find employment and be of real interest to the business world, otherwise we were putting ourselves at risk. We have put everything into this; it has been a huge effort and enormous change.” (Deputy Director)

5.3 Governance as a driver for change

5.3.1 Governance model

The Board of Trustees is made up of 30 members, 18 of whom are from the sponsoring body and include the President, Executive Vice President and immediate past President, and four from the supporting body. It has strong University representation with seven members (four seats allocated to the academic community including the Rector, two to the Administration, including the Chief Executive, and one to the Alumni Association) and one seat reserved for a Ministry representative. The Board is responsible for management and finance, and appoints

all key academics (Rector, Dean, Vice Deans and Departmental Directors) for 3+3 year terms. It also appoints as the Managing Director. (See Appendix E)

Execution of strategy, as approved by the Board, is realised by the Executive Committee composed of 5-6 people: the President, Executive Vice President, Vice President (honorary role with no operational responsibility currently assigned to a key shareholder from a major savings bank foundation), the Executive Vice President of the Sponsoring Body, the Rector and Managing Director. The highest academic decision-making body is the Senate composed of the Rector, Deans and Departmental Directors. The President, Chief Executive and Vice Deans are invited as observers.

5.3.2 Linking governance to strategy – formal and informal structures

While representation of academic and administrative communities are guaranteed on all key decision-making bodies, tasks and responsibilities are clearly divided with the Managing Director in charge of administration and the Rector in charge of academic affairs.

“The model here is one of two pyramids with two separate summits. It’s a matter of competences. There is of course interaction because they cannot operate in two separate worlds. [...] I involve him in anything that is of strategic importance or to do with personnel. We meet quite casually, I go to his office, and he comes to mine.” (Rector)

“Each of us has his own tasks. I do not have anything to do with the teaching activities, if students complain to me; I go to the Rector and tell him. It is simple in a small institution; this is a ‘boutique’ university.” (Managing Director)

Communication is facilitated by the proximity of the two offices next to one another on the same floor but a willingness to co-operate is a key factor in ensuring direct and informal relations. The Rector and Managing Director form a team of three with the Board representative, the Executive Vice President, who visits the University once or twice a week. All three enjoy direct personal links to the President.

“We have a very active President, but he has many commitments and is not involved in the day to day running of the University. He took part in developing the new plan but he places great trust in the people he has put in charge. There may be key events that he pays closer attention to, but ultimately he trusts the triad.” (Dean)

The Board is invested with the power to decide strategy, make appointments and allocate resources, and although the governance structure gives the academic community less power than in a state university, it is perceived as an effective model providing not only clarity of direction but a sense of accountability that is cascaded down through the organisation.

“If I have to report only to the President, and I know what he wants, then it is simple. The governance dictates the mentality.” (Rector)

The Deans see a system of appointments with clear mandates giving them a freer hand to act than through a traditional system of elections where success is built on electoral promises. They see their first accountability to the Rector and to the Board. They consider there are sufficient checks and balances in place, for while it is the Rector who proposes the academic team to the Board, he knows must have support in the faculties and departments if he is to be successful. Each member of the team is accountable for his part of the strategy and knows he can be replaced if he does not perform successfully.

“With this system there is no waste of resources in the pre-politics before an election of a Departmental Director or a Dean. I was offered the job and given 24 hours to consider. I thought about it for an hour before agreeing to take up the challenge, and now I am doing the best I can.” (Dean)

While the academic community may at times feel it is not given enough voice in strategic decision-making, there is a sense of “*peaceful cohabitation*” with the Board and respect for its attention to the institutional mission, its understanding of external shifts in the environment and its commitment to make the necessary changes to preserve the university’s wellbeing.

“Relations with the Board have always been very positive, not just because they have always been good people, but because we have a very high level of members on the Board. They don’t always take an active part in all the decision-making processes. There can be different points of view on different issues, there is always negotiation over resource allocation but where this Board has been excellent has been in understanding the shifting scenario.” (Dean)

The academic leadership recognises the University’s governance structure as a key advantage and its real difference with the state sector but also highlights the importance of appointing the right people who share the project and have sufficient power to take action. The

governance structure that defines the different responsibilities and balances the different parts of the University is not *per se* a guarantee. It is brought to life and given meaning by the people who inhabit the structures and become the keepers of the University.

The new senior leaders have embraced the strategy and supported it through new approaches in their different areas of responsibility. They have put a team of people in place throughout the organisation that are facilitated in their actions through appropriate structures and processes.

5.3.3 Refocusing the administrative community

Significant re-organisation has taken place since 2005. A first step was to remove a layer of management to streamline the organisation by merging the functions of the Managing Director and General Manager into a single appointment. The new organisation was written into the revised statutes in 2007.

The new Managing Director was critical of the University's administration. He saw a low quality of service caused by poor organisation, unclear tasks and responsibilities, inefficient use of personnel and lack of communication. He redesigned the organisation chart, replaced a number of heads with internal promotions and downsized staff by 25 to 150 people. Staff remuneration and benefits were reviewed and improved where possible to motivate personnel through the changes. The information management system was upgraded and professional development in IT and English introduced for all staff.

He also introduced a new working style in his own management team to ensure there was greater cohesion between the different departments and clearer focus on the objectives to be reached.

"I saw a very dispersive model, people did not talk to one another, everybody did their own thing, I set up the compulsory Monday morning meetings [...]. Now everybody knows what their task is and all the heads meet once a week. Before nobody knew, it was a typical Italian university organisation. I come from business, you have to have a clear idea of what needs to be done and everyone must report back to senior management." (Managing Director)

While the Managing Director recognised the Rector's authority in academic matters he was determined to change endemic slack attitudes to work in some pockets of the academic

community. In agreement with the Rector, he has introduced very clear contractual principles that have had immediate effect.

“When I came here, I found the state model in administration and in the academic community, where everything was managed in terms of personal power. That is what we wanted to get rid of. I have created two principles. Every salary paid must correspond to a job done. So if an academic is paid to teach, I expect him to be the one in the classroom and not somebody else. Secondly, our salaries are paid by the students and you owe respect to those who pay your salary. If I do not turn up for work in a company, I will be fired. If an academic here does not turn up to teach but sends some young apprentice from his private practice, I am certainly not going to pay his replacement. My contract is with the academic, if he does not come to work, that is theft and he can be taken to court for that.” (Managing Director)

While he considered that there was still work to be done he was satisfied with the results and saw a strong correlation between the reorganisation and the increase in applications. Quality is essential in both the academic and administrative services. Efficient organisation but also an appropriate work ethic is identified as key tools to building a distinctive university that can compete with the best in Europe.

“We have pride in our difference. For a private university to have any sense it must be able to offer something that state universities cannot. Otherwise it has no reason to exist. The difference is not only quality but the link between the university and the world of work; that is the real difference. That is its focus and then because it is private it has different organisational and management structures that enable it to be more adaptable, it can anticipate processes. It has less bureaucracy, fewer procedures. If everyone does their job properly it will succeed.” (Managing Director)

5.3.4 Building a new academic team

The new Rector took up his post in October 2006 but had been in the University for a year prior to his appointment. Working for a year as an academic he was able to observe and familiarise himself with the institution and it gave him time to identify the people he saw with the right kind of forward thinking outlook and international experience to join the new team. There was a precise choice not to select academics who were also University Y graduates in order to inject fresh thinking. He replaced the entire academic team not to “punish or

terrorise” but to give a clear signal of new direction. At the same time he was careful not to introduce too many changes that might create mistrust in the community.

“Here there had been no change, the same Deans for ten years. That is too long, three to six years is enough. You need to change even if they have done their job well. That is the way it works in universities. [...] Change can happen in many ways. I decided to change the people first and start things moving, once they are accepted and if it is necessary, change the rules. [...] There has always been a climate of some friction between academics and the administration here, the Rector is seen as the “paymaster” of the Board. I did not want to change rules early on for that reason.” (Rector)

The academic team make their decisions in the Senate but the Rector keeps tight reins on his team of ten people via the weekly meetings to ensure the strategy is moving forward. While the Rector has a clear mandate and commitment from the Board for the plan, he knew he had to create the right conditions for the objectives to be met. The plan would have to be driven through in the early stages through a controlled process and careful management of relations. He saw it as his leadership responsibility to communicate the vision, give clear direction and gain consensus in the academic community for the need to change. Once the changes had been accepted, there would be greater space to open up to bottom-up initiatives.

“Some follow you because they believe you, others follow out of interest. You will always have a small minority with you and the majority against you. The more you manage to convince, the more you reduce the strenuous opponents, in the words of Machiavelli. I made up my team from those I saw as convinced, and they will slowly convince the others.” (Rector)

The academic team is working on a three-year mandate that can be renewed once. They know they are working against time and hope to use the first three years to identify problems and make the changes, and if they are given a second term it can be used to give real shape to the project. While this does create a degree of instability, they see turnover as good for the institution with new people bringing different ideas from which the University can learn. The new team do not perceive their role as one of prestige but rather of service to the University.

“My first mandate runs out on 31st October 2009. I don’t know if they will reconfirm me, and it does not really matter. In any case I think two mandates are enough, a third one becomes counter-productive”. (Dean)

Each Faculty has its own team that has worked together to produce their own strategic plan and the Deans have sought to introduce ways of working that will encourage collaboration and successful realisation. Carefully planned meetings with clear objectives and assigned tasks with precise deadlines ensure the work moves forward. They know they cannot push too hard and are aware of the institutional limitations - insufficient human resources, ageing academics, the multiplicity of the tasks, the challenges of solving daily problems – but are confident in the Board’s support to realise the plan.

“Strategic planning means the Dean has clear responsibility and must have strategic vision. He cannot just live day by day or take things for granted just because they appear to be in order. [...] I have a constellation of causes to follow but I have been told that they will be funded, and so I am confident and trust that the funds will be there.” (Dean)

The new academic team has achieved visible outcomes. Not only is there greater interfaculty communication and collaboration but the effort made by each Faculty to produce its own strategic plan in line with the institutional strategy represented a significant departure from the Italian university tradition where powerful Faculties operate independently of any central policy. A shared vision and coherent strategies gained the trust of the Board that provided significant funding to put the plans into action. This sense of achievement has changed the general atmosphere, and a stronger sense of institutional cohesion and shared direction has emerged.

“Today there are principles of quality and the climate has changed. Before academics were always being accused of not doing enough, now the accusations have stopped. [...] There is still some confusion, as in all universities with people doing their own thing, but there is a clear direction that people are beginning to adhere to, some enthusiastically, others more cautiously, perhaps opportunistically, but there is no internal opposition creating problems. Changes are not in appearance but are real, and that is positive.” (Rector)

The University has focused on identifying the right people to bring about the change and has brought in a completely new leadership team in both its academic and administrative structures. Their commitment to the project and their shared vision for the University, whatever their individual interpretations might be, has allowed them to unite as a strong team, and like the intricate workings of a watch, the interconnected cogs turn to create a single mechanism that will move forward and realise the change.

5.4 Power of institutional culture -

University Y has developed an ambitious vision and has installed a new team with responsibility for the change. They have introduced a change of direction that has brought new energy to the institution. The change is both rapid and pervasive, leading to a slow but sure shift in the values, beliefs and practices of its members. The transformation is achieved by building on the internal desire for excellence and by re-interpreting the original values of the University in line with the external shifts.

“Five years ago there were not even departments here; we have gone from a Humboldtian model to an Anglo-American one in a very short space of time.” (Rector)

“Many academics sought to copy [the best of the state universities] by rendering it more efficient here. They wanted to prove they were better. The model was one of many separate courses, all of a high level, but not connected to one another and far from the market and the students. So the attempt to build a different more interconnected model using case studies, seminars, let’s say based on the Anglo-American model, becoming more flexible, innovative, open, came as a shock for some colleagues. [...] I have to convince them to change and get them involved.” (Dean)

Academic leadership is unrelenting in its determination to push through the change but is able to combine drive with patience, recognising and working with institutional or individual limitations. The leaders use the tools of the strategic plan and the people they have identified as willing to embrace new possibilities to spread and sustain a positive climate for change. The Deans have replicated their Rector’s determination. They persuade, convince, motivate and bring their colleagues on board painstakingly one by one, investing a huge amount of individual energy and never losing sight of the main objective. Mixed with a heavy dose of determination there is a strong sense of realism.

“I met all of my colleagues in 21 meetings over a 2-month period either in Faculty meetings or in groups according to subject, there was no other way. I managed to win over some of them, others I am dragging along, but I am moving forward with the plan. [...] Things are beginning to change but there are still problems. [...] I do what I can but there are only 24 hours in a day.” (Dean)

"I explained to my colleagues, if you don't want to [introduce the course changes] that is your business, but then don't complain if you don't have any students, you won't last long without students. University means responsibility as well as freedom. In the end they all did it, even the less convinced ones." (Dean)

The academic leadership knows it must work with and around those members less passionate about the new vision, or whose interests lie elsewhere, but it pays careful attention to selecting new talent that has the appropriate profile and competences and can and must be acculturated to the new way of thinking and behaving. It uses all the tools at its disposal to create ways not only for the convinced and committed members to make their contribution but to ensure they are rewarded in different ways.

"This is a slow birth – trying to ensure it is as shared as possible, by as many as possible, as painlessly as possible. It means changing ways of thinking, and I carry it through with those who want to be a part of the change. Those who resist are not necessarily the older generation. It is not a question of date of birth but of passion." (Dean)

The administrative leadership can afford to take a more incisive approach and is radical in eradicating practices that emulate the Italian administrative model and prevent the University from developing a culture of quality service and an ability to respond opportunistically to change. It drives its team to give its best and pays unrelenting attention to detail.

"There are two ways to change culture, if you have time you can let the raindrops fall, and eventually the ground will give. If you don't have time, you cut heads, cut four or five and the culture will change rapidly. The new leaders will want to legitimate themselves and it is in their interest to show that they can make a difference. You have to be careful that those working against the change do not gain strength, if that happens you cut a few more heads ... it is a question of monitoring and creating continuity." (Managing Director)

University leadership is determined to move the institution away from a state culture of dependency and rediscover a sense of institutional self-determination as a key element to building success. While it may be subject to the constraints of national legislation, it seeks to develop a mentality that is more agile and flexible, able to exploit the available autonomy to the full. It uses changes in legislation that take inspiration from Europe-wide reforms to its advantage.

“The Bologna Process is an opportunity; it creates a terrain for change which we can use to carry out all the necessary changes.” (Rector)

It seeks to instil a sense of institutional responsibility and accountability in academics to be in touch with the market changes and develop capacity for innovation. Its sense of mission and institutional purpose guides it in that transformation.

“We are bound by legal validity but it is not what gives value to our degrees. Our difference is creating graduates who are appreciated by the labour market – our reward to our graduates is that they find good jobs.” (Deputy Director)

Its affiliation and positive interaction with a strong external Board that is representative of its stakeholder community play a key part in developing a culture that is strongly outward facing and represent a key sense of identity and ability to offer a distinctive service to its students.

“Our type of governance means we have a direct relationship with [the Italian Confederation of Industry]. That means that whatever issues are relevant for them, in some way they are relevant for the University as well.” (Vice Dean)

The issue the University faces today is not simply one of survival but something more challenging. It is about transforming the desire for excellence into a new reality at international level. It seeks recognition as part of a European elite. It finds that desire in the accumulation and stratification of its culture and identity that has been absorbed by the new leadership and given new meaning and energy in their strategic vision.

The leaders have understood the embedded values and built them into the new response – commitment, responsibility, passion and cohesion – that gives the members a sense of pride and belonging to a unique institution. They are willing to make an uncommon effort for institutional change. The University has acquired a strong self-awareness and a greater understanding of its environment. It knows it has to change in order to maintain its identity and purpose. The new strategy represents another new beginning – its mindfulness has enabled the second mutation to unfold.

“30 years from now there will not be more than 20-25 famous universities in Europe and so that leads to the question: Can we become one of them? We can’t achieve our objective in a

short period of time but perhaps in 20-25 years it can be done. So in these six years we need to - create the spirit, the culture, the desire to compete in Europe and to reach that level.” (Rector)

CHAPTER SIX – A SAGA OF INTERRUPTED INNOVATION -

University Z⁹ represents an incomplete saga that starts with a strong purpose and distinctive identity but has not been able to develop into institutional reality and fulfil its ambitions. The original sponsoring group still maintains firm control and in its determination to protect the saga from external influences that might dilute or deviate the mission, it has failed to engage the imagination of a significant group of believers in the university community and consequently the saga has weakened over time. The claims of distinctiveness are not fixed clearly in the minds of the current members, and there is a weakened sense of identity and institutional pride. University Z is unable to build sufficient organisational strength to develop an innovative response to the environmental challenges and internal change is required to rebuild the saga.

6.1 Shaping the saga

6.1.1 *Laying the foundations*

The origin goes back to the 1980's when a select group of businessmen belonging to an Industrial Association north west of Milan sought to attract to their region a university that would be willing to develop an innovative programme in business education. They had a clear idea of the new model: it would offer an alternative to traditional Italian academic education, it would respond to local needs and provide graduates with appropriate management skills for the small and medium sized companies that dominated the regional (and national) economy.

They were unable to stimulate interest in the private and public universities they approached and began to lobby the government for higher education provision in their region. However, when the State announced its programme for higher education expansion in 1989, the region received only a branch campus for medicine and biology. Amongst the group of local promoters was the Industrial Association's President and at their General Assembly that year he took the matter into his own hands and announced the decision to embark on the highly ambitious project of setting up a new university with an innovative educational model, strong regional focus and funded by private initiative. He also announced with great flair the exact opening date and time of the University – 14th October 1991 at 10 a.m. They had just over two years to achieve their aim and the wheels were set immediately in motion.

⁹ Further institutional data are provided in the Appendixes D and E

Within one month they had set up five committees to create the university. An academic committee was led by a local entrepreneur who would play a key role in building the university vision. There were representatives from both public and private universities, one of whom would become the new university's first Rector and inspirational leader, as well as three representatives from American universities, MIT, Harvard and Washington University St. Louis. The founders decided that the University would be part of the national system as a non-state institution and ministerial recognition procedures were initiated and obtained by the committee convener.

Responsibility for the architectural committee which had the task of identifying a location was assigned to an internationally renowned Italian architect who would design the conversion. In the space of only five months they had identified an abandoned cotton mill situated in a small town in the region which they saw as ideal for their purposes and also a perfect link to the region's industrial tradition. The scientific committee recommended the importance of converting it into a functional and user-friendly facility that would serve the educational model.

While the first two committees were made up almost exclusively of external experts, the other three, more organisational and financial in nature, were closely controlled by the Industrial Association. The financial committee had the responsibility of drawing up the business plan and identifying ways to raise capital and guarantee long-term sustainability. The supporting committee, chaired by a respected and retired entrepreneur had the task of generating moral and financial support for the University in the local business community. The organisational committee would co-ordinate the work of the other committees and constitute the various companies to realise the project. It was led by a prominent businessman in the region who would later serve as University President from 1993 to 2000 and still serves as a Board Member.

Once the committees were set up, the project entered the operational phase and three key companies were established as the University's foundation pillars. An association was set up as a non-profit organisation to act as the operational arm and appears as the sponsoring body in the statutes. It was led by a local entrepreneur who became the University's President in 2000. The association acted as financial guarantor to the Ministry providing the start-up fund of around €1.5 million. A limited liability finance company was created with a capital of €14 million raised by the companies sponsoring the project and with the Industrial Association as

major shareholder. A real estate company was set up by the finance company and a leading Italian business group, which was the site owner, to manage the property.

By June 1991, the Industrial Association's President stepped down to become the University's first President and work full-time on the project along with a small team of newly-appointed academic and administrative staff attracted to the project by its innovative nature. The University opened its doors, as promised, on 14th October 1991 at 10 a.m. and had successfully filled its 300 places for the degree in business and 50 places for a two-year diploma in production management. It was officially inaugurated a month later by the Italian President and named after a local 19th economist dedicated to the renewal of Italian society and who highlighted the importance of human capacity in generating wealth: *"There is no work, there is no capital, that does not start with an act of intelligence....once the circle of ideas is closed, the circle of wealth is closed"*.¹⁰

At the inauguration, the University President emphasised the distinctive nature of the new university. It would be a 'university of substance' with a distinct mission to educate graduates with strong business and entrepreneurial skills, to give a particular focus to SMEs and to make a contribution to the Italian economy and society through the spread of a new business culture. These thoughts were set out clearly in a document that defined the university's values and principles that would act as the guidelines for its development. They have remained unchanged in the 18 years of the University's history and the founding document is still referred to as the 'project'.

6.1.2 The university project

The University came into being within the national legislative framework and was recognised as a non-state university with full degree awarding powers but it was committed from the start to the provision of innovative education with a regional dimension. The University had a dual objective of providing a sound academic preparation and instilling a culture of entrepreneurialism and social responsibility. It was a self-funding institution supported through tuition income. Enrolment numbers would be limited and a flat tuition rate would be applied. Access would be guaranteed through a scholarship programme for merit from private donations.

¹⁰ The quotation, taken from the thinker whose name is given to the University, is displayed in the University.

University Z's precise mission was to be reflected throughout the organisation. It would identify committed academics that shared the institutional purpose and values and would be willing to participate in the creation of a new educational model. Equally, the University would seek to recruit students who identified the project and who would undertake their studies in a spirit of commitment and participation.

6.1.3 Key features of the educational model

“Knowing is not teaching. There is an art of teaching as there is an art of writing and an art of speaking.”¹¹

The project described in detail the educational model that would create a clear break from the traditional Italian didactic approach of large lecture halls and rote-learning. The central and highly innovative characteristic of its business degree would be interdisciplinarity providing a solid all-round education in the four areas of economics, business, law and technology. There would be a single pathway with only limited student choice in the fourth and final year. Mastery of English was a priority to ensure lessons could also be given by international academics and students should also gain knowledge of a second foreign language. Work experience opportunity would be offered throughout the programme. Additional courses and seminars on a range of topics would be offered to students and open to the general public.

Students would be carefully monitored throughout their studies. Intensive foundation courses would put all students on an equal footing and innovative teaching methods would be adopted to ensure students became active participants in the learning process and would become committed to obtaining good results in a spirit of duty and responsibility to themselves and others. The concept of students taking charge of their own learning process was expressed as ‘becoming one’s own entrepreneur’.

Curricular content would be co-ordinated by a course leader to guarantee systematic progression, create contact points between disciplines and ensure shared outcomes. Courses would be constantly updated and integrated with new knowledge. An excellent staff-student ratio would ensure close contacts between students and teachers/tutors assigned to each course and teaching teams would include people from both academic and business

¹¹ This quotation, taken from the thinker whose name is given to the University, is also displayed in the University.

backgrounds. Continuing and professional development opportunities would be made available to all academics.

Extracurricular activities such as student associations, sports and cultural activities, weekend events and student-run services would generate a climate of participation and sense of belonging to the University as well as contribute to the development of entrepreneurial attitudes and skills. The University buildings and facilities would provide opportunity for contact between academics and students outside the classroom.

The University would establish links to the business world and the local community as well as other universities. It would develop international and especially European partnerships for student and staff exchanges. European universities were identified as privileged partners in an intentional step away from the American university model, but it would look to the United States for partnerships that could encourage innovation.

Research would focus on a restricted number of strategic areas based on two principal criteria of regional relevance or underdeveloped areas and would have the dual role of transferring knowledge to the region and innovating education. A system would be in place to ensure research was closely monitored and reviewed to ensure excellence, characterisation and reputation.

“All our activity is in function of what I like to call ‘our mission’. What is the mission of a university? It is to produce and spread knowledge. Not only specialised, limited, restricted knowledge but knowledge that is useful to mankind. Our task is to prepare students for work without losing sight of their entirety as professionals and as people.” (First Rector)

6.1.4 Realising the project

University Z opened with a clear sense of purpose, an innovative programme and ambitious objectives. It was animated by a dedicated and enthusiastic team of academics and administrators and a first cohort of pioneering students inspired by the new university model. Throughout the early 1990's enrolments increased rapidly each year rising from 303 in 1991 to 2092 in 1996 and reached its highest level in 2001 at 2,561. From the very start it was able to attract students from all over the country and by 1996 it had already 26% of its student population from outside its immediate catchment area. In total, it was reaching 13 of 20 Italian administrative regions and 32 of 103 administrative provinces.

The original two-year diploma in Production Management was transformed into a three-year diploma in Industrial Management when the Ministry introduced the new more professionally oriented qualification as an alternative to the traditional *laurea*. Although it was to have limited national success, the University's annual supply of 80 graduates outstripped demand on the local labour market. By 2003 the course was embedded into its own Faculty of Engineering and extended under the Bologna-inspired reforms into two qualifications at Bachelor and Masters Level.

Plans went ahead to extend the educational portfolio to include Law and in 1998 the Faculty opened with an innovative Law degree integrated with business elements, adding a further intake of 80 students a year. All the degree programmes had course input from across the three main disciplines and there was a strong sense of teamwork that held the three small faculties together. As the Faculty of Law developed, the University moved into a phase of horizontal growth with numbers stabilising in the Faculty of Economics and Engineering.

The first Rector paid great attention to selecting academics that would commit to the project and identified those he would select for tenured positions. He planned a permanent community of 35 academics by 1998-9 and in the first five years a series of key appointments were made even if a number of events would intervene and slow down realisation of the target, which was eventually completed in 2008. The long-term thinking was to build up an academic community with a strong element from their own graduates who would become the keepers of the original project.

"When that happens the circle will have closed and we will have reached our final objective".
(First Rector)

The academic community would also have strong external elements and the University was building up a team of business people and professionals willing to contribute their knowledge from the field and bring a practical dimension into the classroom. The Rector also worked closely with the Head of Administration to appoint an administrative team with the right competences and with commitment to the project. There was a strong sense of teamwork that crossed the boundaries of traditional divisions between the academic and administrative communities.

The first cohort graduated in 1995 and by that time University Z had already established its first research centres in SME Management, Public Management, Transport and Law in 1993 as well as a first joint research centre in Information Technology. Sports activities and student associations had been set up from the very beginning to ensure the development of a student community that would distinguish it from the “exam factory” label attached to many Italian universities.

The first student exchange programmes had been launched in the third year of activity and the Placement Office was established two years ahead of its first graduates. The Alumni Association was set up with the first cohort and the University initiated a professional development programme that would also serve its alumni, not only to keep the contact alive but to preserve the spirit they had acquired during the university experience. However, this project failed to take root and has only recently been re-launched.

Regional links were developed not only through involvement of professionals in teaching but also through scholarships, work experience and placements offered by companies and local bodies that had taken an interest in the new university. The supporting committee had developed into an active association and the University organised events that enabled donors to visit the university and participate in open lessons.

The University sought to provide the right kind of study environment in an attractive setting. The old buildings had been artistically redesigned to combine their industrial heritage and new educational purpose. The adjacent parklands were brought back to life and integrated into the town as a public facility. As student numbers grew, new buildings were opened. Off-campus accommodation had been available from the very start but in 1998 the University opened an on-site housing facility for around 450 students.

In its early years the University attracted strong interest from students, academics and the business community. It was able to offer a unique student experience, it created an innovative environment for academic experimentation and opened up a privileged dialogue to SMEs and the local community. The project was moving forward rapidly and the University was proud of its rapid results and first successes.

“That is why we are the ‘university of managers’, the ‘university of substance’, because managers have to be concrete, pragmatic, rational, with their feet firmly planted on the

ground, as we teach our students from the first lessons. We also teach them that managers - must have a social vision and strong awareness of their environment.” (First Rector)

6.1.5 Critical incidents and leadership changes

The University had nurtured a unique combination of leadership from both the local business community and the academic world who had worked closely and successfully together in the early years. However, a number of critical incidents had begun to unfold that would have ramifications for the realisation of the project.

The University was only two years old when business failure forced the first President to step down. He was immediately replaced by the Industrial Association’s President but his resignation represented a first moment of vulnerability. He had been the initiator and charismatic leader of the project in the business community. Shortly after his departure, the University found itself facing a financial shortage and the newly appointed University President had to initiate a second fundraising campaign in the business community for an additional €7.5 million to ensure continuity. No sooner had University Z survived these two crises when an extraordinary series of losses struck the institution between 1996 and 1998, dealing a strong blow to the project and further altering the original make-up of the leadership group.

The first Rector, described by his colleagues as an inspirational and energetic leader, passed away tragically leaving a void in the academic community. The retired industrialist who had been so active in fostering support for the University in the business community passed away in the same period. Another loss that impacted heavily on the student experience was the death of the man who had been in charge of extra-curricular activities and that had instrumental in developing the community spirit. Differences of opinion in the Senior Management Team led to the dramatic resignation of the first Vice President, the man who had been a key thinker in building the university vision. He went out in style publishing an article in a leading financial newspaper that declared “the end of the project”.

However, when the original academic community looks back to the early years, there is a strong feeling that the death of the Rector signalled not only a major leadership crisis but also a watershed for the University. His death is associated with the beginning of the shift away from the original project and no academic leader is considered to have been able to replace his stature and recreate the energy and ambition of the early years. The project has not only stalled but it has lost meaning. New recruits are not even aware of its existence while original

members speak of it with nostalgia. They also see the Rector's death as the end of academic autonomy. His departure prompted the Industrial Association to change the governance model by reducing academic power and weighting it more in favour of central administration. The Board brought in a full-time General Manager from the Industrial Association who took over the running of operations and worked closely with the Managing Director who continued to visit the University on a weekly basis.

6.1.6 Shifting context

It was at the very time that the University was undergoing internal upheaval and when its defining values and ambitions were losing strength that major national reform was introduced to align the higher education system with the emerging European Higher Education Area according to the principles of the Bologna Process. The new proposals that put emphasis on employability were welcomed by the University that saw its own educational model as a forerunner to the proposed changes. However, the reform would also generate unexpected shifts in market conditions that were to raise a new set of challenges for the University.

The University had already begun to feel the pressures of competition from the rapid proliferation of new state universities and university branch campuses across the country but the Bologna-inspired reforms granting greater autonomy to develop new programmes led to an explosion of new degree offerings by state universities which significantly widened student choice. University Z perceived this as detrimental given its restricted academic portfolio. (See Appendix D)

At the same time it felt that the state had restricted autonomy in curricular design through tighter central regulations for curricular content and credit weightings, which jeopardised many of the distinctive features of its programmes. Law, in particular, felt penalised by central regulations that fixed over 80% of curricular content.

"There has been a proliferation of Law Faculties - they have quadrupled in the last 20 years and now there are around a hundred of them. The Ministry's way of dealing with these micro-faculties is to set the same programme for everyone to avoid distinctions [...] rather than going for competition and letting the market eliminate the weaker ones. As long as you have legal validity, students will go where it is easier, that is inevitable. Only a small number will choose a university because it is better." (Dean)

Structural reorganisation into the Bachelor-Master model with both qualifications providing entry to the labour market was interpreted to mean early specialisation of studies forcing the University away from its broad business education model that met the needs of small and medium-sized companies. The University felt hemmed in by state legislation and market competition that threatened its identity and compelled it to emulate rather than differentiate.

“Now we have to compare ourselves more with other universities and that has produced greater homogenisation. It’s hard to imagine how we can create a graduate who is much different than the others.” (Dean)

However, this shift in focus had already been underway as graduate patterns revealed that the University was serving a broader labour market than its original intention. The trend suggested that students were choosing the University for a wider range of professional reasons beyond access to the local economy.

“The original idea was to provide graduates for SMEs in [our region] and now they go to the labour market in general [...] Our Law graduates do not just join companies but enter the legal professions in general. We did not think at the start we were preparing people for banks, finance or insurance but these are certainly our graduate markets now. So in a sense we have lost the specificity of the project.” (Managing Director)

The University felt penalised by changes in national legislation that had produced a dramatic increase in the supply of higher education while restricting institutional autonomy to develop a distinctive identity. It attributed the sudden downturn in enrolments to the new competitive pressures in its environment. Student numbers had continued to rise until 2001 when they reached a peak of 2,561 but with the introduction of the reform enrolments began to fall off dramatically and are now down more than 20% compared to the 2001 figures.

Such a drastic reduction in income required rapid action and it carried out a review of its entire academic portfolio, not only for the purpose of product enhancement but also for the inevitable cost rationalisation that the reduced income imposed. There has since been a slight improvement. Enrolment numbers stabilised for two years but did not increase until 2008/9 when there was a first upturn of 10%. While it feels encouraged by this recent improvement, it has become a significantly smaller university than it was five years ago and is operating with radically reduced financial and human resources. Nevertheless, it remains firmly convinced of

the original project and believes that it is the commitment to its founding values and principles that can guide it through the crisis and enable it to realise its ambitions.

6.2 Strategic response capability

6.2.1 Reaffirming the project

The University does not have a strategic document that it makes available for internal use but in its official declarations it makes repeated reference to the original project as a guideline for institutional direction. Strategic statements are made at the official inauguration of the academic year when University Z goes through an important ritual of reaffirming its identity and purpose, showcasing its most recent achievements and outlining its plans for the future. It is an opportunity to voice its satisfactions and concerns to its sponsors as well as to public authorities from regional and national governments who may be present at the event.

The University continues to focus on its distinctive educational model and regional role as the foundations of its identity but in recent years a third pillar of internationalisation has been added and is increasingly cited as an institutional element of quality and distinctiveness.

1. Student Experience

The concept of the student experience is firmly rooted in the principles and values established in the original project. It is the most developed of all the three pillars and the one that most clearly defines its identity.

“The University does not belong to its founders or its President. Nor does it belong to the academics. It belongs to the students and their families, to the institutions, the companies and those who live and work in this region. It belongs above all to young people. Young people – and nobody else – are and always will be at the centre of our attention - the attention of those who govern, teach and work at this University.” (President)

The student experience assumes concrete form through the actions taken in the different stages of the educational process from selection to placement, all of which were reassessed in the recent institutional review for overall improvement of quality and efficiency.

University Z is aware that it cannot compete with other more established and prestigious universities for top students but believes it can compete through an educational model that

enhances learning and raises quality of output. It decided to introduce more selective admissions criteria to guarantee greater standardisation at entry and strengthen reputation with prospective students. Previous admissions tests had been used more as an indicator of student ability than as a barrier to entry. The new procedures introduced in 2008/9 set minimum entry levels that eliminated 20% of applicants while overall student numbers increased by 10% compared to the previous year.

“Our objective is not to attract top students but to invest in the quality of the education we offer, we want to attract students who want to study and be able to turn away those who are not. We want normal, motivated students who in good educational conditions will exit at the same levels reached in other universities that are more selective at entry. That way we can reach the same exit levels as [University X] and [University Y].” (Rector)

Prior to the introduction of more selective entry, the University had carried out an extensive review of the curriculum in 2006/7. Each Faculty was required to review its course design and content to ensure it was in line with labour market needs and that there was an efficient and coherent use of academic resources.

“[It was important] to define a product policy that was more organic and more coherent and attentive to market needs rather than build one according to available internal competences. People were being hired with competences regardless of what the market needed. I turned that concept around. What does the market want, what we need to prepare people for and what resources do we need to achieve this. [...] no company produces a product that reflects its internal competences, if there is no demand, nobody makes it.” (Dean)

It was inevitably a painful process that led to the removal of many non-tenured staff whose courses were deemed no longer relevant to the new objectives. However, greater attention to course design eliminated previous duplications and meant that a wider range of courses could be offered to guarantee greater student choice at Masters level. It was also an opportunity to undertake a general review of performance and remove unproductive staff. None of the Deans was convinced that student questionnaires were particularly reliable sources of information but used them nevertheless as part of a general assessment process in order to make decisions.

“In a university people are fundamental but it is hard to monitor academic work. You need people who are bright, who understand what needs to be done, who have intellectual honesty. If you don’t have such people, you can monitor whatever you like but you will go nowhere. You cannot measure the process you can only see the results. The people are fundamental so if somebody is not doing a good job you should replace them.” (Dean)

Currently there are 33 tenured academics (Economics, Engineering and Law) and any new recruitment is authorised only to match minimum ministerial requirements for academic ratios in each degree programme. This is being done in accordance with a recent law whereby universities can offer short term contracts (3+3 years) that are recognised by the Ministry as part of required academic ratios. During these 6 years the academics have an opportunity for tenure if they are successful in winning the public competitive exam and are offered a post at a university. University Z has hired one full professor on this new contract and is currently hiring six researchers to short term positions.

However, it is still university policy to assign the majority of teaching contracts to part-time staff either from other universities or from the business community. Only 33 of its 335 academic staff are permanent. (See Appendix D) While the Deans are keen to make full-time appointments that can contribute to the creation of an academic community they are constrained by the Board’s choice of a small tenured academic body for greater flexibility and reduced costs. The Deans can focus their energies on improving the quality of teaching through careful selection of staff but do not have a large enough permanent academic community to create a genuinely innovative student-focused learning experience.

The Faculty of Economics re-introduced the principle of a common core for the first two years at Bachelor level with a range of specialisations in the third year that create a bridge into the more specialised Masters programmes. The review was undertaken ahead of curricular reform that the Ministry would later require of the whole university sector to correct distortions of excessive undergraduate specialisation and proliferation of degrees. The redesigning of the curriculum sought to re-establish a strong profile for its graduates but also a stronger institutional identity.

“We are a university that prepares people for the labour market; that message is now loud and clear, but it was not clear before. The idea was there but then we had an inflation of courses in

public administration, so were we a university for entrepreneurs or for the public sector? Now we are more coherent.” (Dean)

The University links quality education to a high level of student services and opportunities for professional and personal development. It tracks individual progress and offers various tutoring and counselling services to all students. It offers a wide range of work experience and study abroad opportunities to equip students with a more complete and diverse curriculum and has recently introduced a new series of extra-curricular activities for Bachelor and Masters students to develop competences based on techniques and methods adopted from company training programmes.

It invests significantly in providing an attractive environment ensuring that its buildings and facilities are well maintained and the campus is constantly renovated and restructured to promote a distinctive image of efficiency. High levels of service are seen also as a key element of its identity that can distinguish it from its competitors, and it attributes an increasing number of transfer students from the state sector to its reputation of attention to the student experience. The University also ensures contractual arrangements for teaching are respected and teaching times, office hours and exam schedules and other obligations are met. Regular surveys and questionnaires monitor student satisfaction.

“The levels of student services must be kept high; students must be satisfied because students and graduates are our most effective promotion tools. It’s not what you write in your advertising materials that counts, everybody says they are excellent, it is the student and the graduate experiences that tell you how excellent they really are.” (Rector)

Surveys are carried out in secondary schools to understand how the University is perceived by potential applicants. Recent perceptions indicate that it is ranked alongside prestigious universities in all three disciplines which delights the University but creates the challenge of differentiation. It has revised its promotion materials and student literature to reinforce its distinctive model and highlight its close links to the business community as benefits both for education and employability.

“Communication has changed radically, the style of the handbook is much more informal and direct and sells an experience that is much closer to an American than an Italian university, we are selling a life experience in two ways – the experience and prestige of a private university -

given the general mess of state universities, even if some are improving and the difference is - not always so apparent - and the experience and prestige of our entrepreneurial extraction which means better employment opportunities for students given that we are located in one of the wealthiest parts of the country.” (Dean)

Employment opportunity is a key distinctive feature and one of the principal tools used to measure the quality of its education. It carries out a series of regular surveys and questionnaires but also makes extensive use of information gathered through personal and institutional contacts to integrate official data and legitimise its choices.

“We are close to the labour market because in our Board 16 of the 23 members are business people. Then we have the Deans and the academics that have contact with the industrial associations, professionals and companies. That way we have a sense of the outside world and we seek to adapt our processes so that the product is in line with the outside world.” (General Manager)

Graduate surveys provide information on entry levels, employment sectors and career progression. An employer survey carried out every 4/5 years with a key group of companies gives key information on how the graduates are perceived by employers, crucial to understanding changes in the market and aligning course offerings. Although its graduate placement record is excellent with all students in employment within 50-60 days of graduation, it is aware that it is increasingly servicing a wider labour market and needs to ensure that its ‘brand’ is extensively recognised and appreciated. The Law Dean feels that its employability record may also be a feature that the University could exploit more, given Italy’s low graduate employment rates.

“We are successful in placing our students and I have never understood why this cannot be marketed. Nobody else, not even [University X] or [University Y] comes anywhere near our results, but apparently Law students have no perception of employment being difficult to find. They don’t realise the average is three years. That is an aspect of marketing we could improve.” (Dean)

The University compares itself to both private and public universities in the surrounding region that it considers to be examples of excellence as well as direct competitors for the purpose of understanding recruitment trends and revising its course portfolio. It has also recently joined a

national interuniversity consortium for data collection that allows it to benchmark its results more reliably within the national system. It would like to have a more effective quality assurance system in view of the planned national accreditation system.

2. Regional links

Links to the region are seen as an integral part of the University's identity and mission and it believes it has a fundamental role to play in servicing the regional economy. University Z is situated in the heart of a region with a long industrial tradition but which is becoming increasingly challenged by loss of attractiveness and competitiveness as its traditional sectors shrink and its infrastructure becomes inadequate.

"We are a university that grew out of the region and we remain rooted in the region. [...] The University sincerely wants to be a service institution and engine of development for the region. [...] We are not – and do not want to become – an ivory tower or a cathedral in the desert."
(President)

While the University seeks to develop research and education with a strong regional focus, it struggles to reach the critical mass to make significant impact and build up research experience and reputation. It has exploited the presence of academics from other universities to develop research collaborations and has had recent success in one project for technology transfer to SMEs but feels the need to develop a more systematic approach to identifying competences and networks.

"SMEs are not in a position to carry out research but they need innovation to survive and we need to find a way to create research benefits for them. That does not happen at the moment. (...) We cannot offer this alone – we are involved in only three research areas - and would need to create a research network with other universities where each one would bring a specific set of competences." (New Rector)

Research contracts are obtained by the different self-supporting centres that survive on their ability to produce income from their research and training initiatives. While this bottom-up approach has encouraged entrepreneurial behaviour and led to the 'survival of the fittest', it has also meant that the most successful centres are not necessarily the most relevant to the University's key areas of competence and are not able to fulfil part of the research mission for transferable knowledge the region and the classroom. Nor are they able to develop much collaboration with the small research departments and remain isolated from central activities.

The Research Centre for Health Management is an example of this; successful in its own right in carrying out applied research and running professional masters programmes but disconnected from the University's core academic focus. (See Appendix D)

Despite its limited numbers of tenured staff, the University did well in the first ever Italian research assessment exercise for 2001-2003. The criteria took into consideration national and international publications and ranked universities overall and according to size. The results published in 2006 placed the University 10th out of a total of 77 universities and research institutes in the field of economics and statistics and 11th overall for ICT along with another 11 universities in a group of 35. In the ranking for small universities it was placed 2nd overall alongside five other universities in a group of 23. It was proud of its successes and the results encouraged the University to set up six research prizes of €2000 for researchers with publications in both national and international journals with a high impact factor.

The University has remained true to its original research mission of focusing on two key niches: investigation in areas of regional relevance or emerging topics that are not of primary interest to other universities. However, it realises that it needs to do much more to develop a capacity and reputation for innovative research that will inspire industry to enter co-operative ventures.

It has been building up a reputation gradually through the penetration of its graduates into the regional environment for over a decade but imagines a much more ambitious and long-term role as a centre of excellence for knowledge transfer and exchange through research, consultancy and executive education that can make a key contribution to the regional economy. It is a key part of its original mission and a long-term challenge it wants to face.

3. Internationalisation

The project made reference to international collaborations for the purpose of study and research but international activity was not originally identified as a distinctive feature. Over the years University Z has been successful in promoting exchange programmes in all Faculties and almost one in three of its graduates take advantage of some form of international experience. These unexpected successes have placed it in a favourable light in comparison to other universities in the system and it has earned itself top positions in national rankings year after year. The University now highlights international opportunity as an integral part of the student experience and it has become part of its marketing message.

It was among the first group of Italian universities to develop English-taught courses which gave it competitive advantage in setting up exchange agreements despite its lack of international reputation. In 2006/7 it launched its first Masters in International Business Management taught entirely in English as part of an 'internationalisation at home' initiative for Italian students. The courses are also attended by the University's international exchange students. All three Faculties are increasingly interested in creating international opportunities for their students and 'exchange windows' or double degree arrangements are incorporated into the different levels of study and highlighted as a distinctive feature of the programmes. It has already set up twelve double degree programmes, principally at Masters level, with partner institutions around the world. The incoming double degree students represent a significant component in its small full-time international student population.

The University's results in terms of number of exchange agreements, inward and outward student flows or ranking results for international opportunities are used as a key communication tool and student surveys increasingly indicate international opportunity as one of the reasons for choosing the University. The attractiveness of graduates with international experience has been highlighted in recent employer surveys leading the University to consolidate internationalisation as a "unique selling point" but it has not yet ventured into any concrete discussions about entering the international student recruitment market either for purposes of reputation or as a buffer for enrolment short fall and declining demographics.

Internationalisation continues to be understood and developed as international activities that enhance the student experience. University Z has not yet exploited its international network as a tool to develop its research capacity or enhance its regional role through the creation of international research networks. It recognises that these are challenges that lie ahead and speaks of the need to develop its international activities through academic presence in international projects and publications, international exposure for young researchers and interaction with international companies and organisations.

This may be a desire that is shared more by the academic community than by senior administration who remain attached to the original idea of a university whose main focus is in the region and whose main resources are drawn from the region. However, servicing the region in the future and enhancing the capacity to attract students may depend on opening up to a more integrated process of internationalisation rather than simply increasing the number of international activities.

“The point is that if we want to be of service to the region, we need to be international. We need to create a veneer of internationalisation, not because we want to attract international students - I think that would be really hard for us - but because without it we will lose the local students too.” (Dean)

6.2.2 Becoming sustainable

The University is still in the early stages of its lifecycle and financial resources have been a challenge since its inception. It relies on tuition fees and lower enrolment numbers mean that tuition income has fallen to around 60% of its income with the remaining 40% coming from the state contributions (14%) and from research, executive education and private donations. (See Annexe D) The dramatic shortfall in enrolments have drastically reduced its income at a critical time in its development and when it is increasingly feeling the competitive pressures of an emerging national market for higher education. Re-alignment and rationalisation have put the University under significant pressure and the focus is necessarily on the present, making it hard to invest long-term either in financial or manpower terms unless it is able to identify new forms of income.

The University does not expect student numbers to increase significantly in the short-term and knows it cannot increase fees until it has increased reputation. It has decided to undertake fundraising initiatives but is well aware that the current economic climate will not be favourable. It has already seen its scholarship programme diminish as private donations have been withdrawn. However, it is approaching companies and organisations that are close to the University and using its links to the Industrial Association to attract new forms of investment, not only for scholarships but in the form of support for initiatives.

It has managed to attract funds for internationalisation from a banking foundation as well creating corporate collaborations in teaching. The company provides resources and brings state of the art knowledge particularly in technical topics and in return receives promotion through its name being advertised next to the course name in the student handbook and in university communications. The newly-appointed President for the Italian Confederation of Industry is keen to encourage greater collaboration between the two universities with which it is affiliated and it is likely that in there will be future joint initiatives and shared resources with University Y.

However, the challenges remain sizeable. The academic leadership raises the issue of overstretched resources and highlights the need for a larger stable academic body for teaching and research as well as a coherent recruitment policy in line with the key areas of focus. They realise the University is not in a position to attract top academics who would bring a reputation with them, not only because it does not have the financial resources but also because it does not have an academic environment that would attract them. They would like to see a policy that nurtures young, motivated people who are willing to work hard and dedicate time and energy to build up the University's reputation. Young talent would also be able to make a meaningful contribution to the student experience and create graduates that build the University's reputation in the market place.

"A university is not successful because it has course A or course B, it is successful because it has people who are able to give something to the students, create a special relationship with them. Our reputation will depend more and more on our alumni, so we need to create competent people who take on important roles and who can become a model for others. We still suffer from a lack of reputation because we are so young. People go to [University X] because it has the model of [renowned business leaders] who are graduates from there. We do not have one single famous person to demonstrate who we are." (Dean)

6.3 Governance as a driver for change

6.3.1 Governance model

The Board of Trustees has 23 seats and is made up of a majority representation from the sponsoring body with 12 members. The University has six members (Rector, three Deans, one senior academic appointed by Senate and one elected student representative) and there are four external members from the Ministry, Regional Government, Provincial Government and local Municipal Government. The General Manager is present with a consultative vote. Members are appointed for three-year renewable terms except for academic positions where the term corresponds to the length of their mandate. (See Appendix E)

The Board is responsible for management and finance. The sponsoring body appoints the President as legal representative and the Vice President as Managing Director from their members. The Board appoints all the academic management positions and terms of appointment are short. The Rector is appointed for a two-year renewable term and Deans for a one-year renewable term.

The Executive Committee carries out the business delegated by the Board and has six members: the President, Vice President, Rector, and three representatives from the sponsoring body. The General Manager, who is appointed by the Executive Committee, is present with a consultative vote. The Senate is made up of the Rector, the three Deans and an elected student representative. The General Manager is present with a consultative vote.

The sponsoring body has a decisive presence in both the Board and the Executive Committee and represents strong continuity with many of the original members involved in setting up the University still acting as Board members. The governance model is a precise choice to ensure the original purpose of the University is protected over time and will not be diluted or distorted by shifts in balances of power or individual preferences.

There have only been a few changes in senior management in recent years. The Managing Director active in the University development since the very early stages, stepped down in 2008 but continues to serve on the Board, and has been replaced by another Industrial Association representative already present on the Board. The General Manager, also involved since the very beginning, took up his position when the governance structure was revised in 1996 and is still running the University.

Despite the extremely short academic mandates, regular renewal has meant that more or less the same people have been in their positions for several years. Law has had the same Dean since the Faculty was set up in 1998 and the current Dean of Engineering has been in charge of the Faculty since 2003. The only change has been in Economics, the Faculty most seriously affected by the falling enrolment numbers, where the Dean was replaced in 2005. He had held a dual mandate of Dean and Rector and continued to serve as Rector until 2007 when he was replaced by an external appointment. Although the new Rector had had previous involvement in the University, he represented the first external appointment to an academic management position in the University's short history.

6.3.2 *Linking governance to strategy*

The University has all the necessary formal structures in place for decision-making processes but it emerges that it makes extensive use of informal and spontaneous interaction as a key mechanism for shaping decisions. Outcomes of the various exchanges are transformed into formal proposals by the Executive Committee and presented to the Board for approval, although informal discussions between members of the Executive Committee and Board will

have preceded the formal decision-making phase. This approach has been introduced by Senior Management who see formalisation as a constraint to swift decision-making.

“We do not use formal procedures that say first you must talk to the Lord Chamberlain and then the Queen. [...] We use a typical business approach to decision-making. It is not so much the formal procedures that count but decisions mature out of discussions with the relevant representatives in the different positions who will carry the work forward. [...] It is a rapid and informal process. If we followed more formal routes, it would mean the Managing Director takes his proposal to the Executive Committee where the Rector reserves the right to give his opinion after having consulted with Senate and so on, which means it never ends.” (Managing Director)

However, the advantages of informality in a small organisation can also be outweighed by the loss of clarity of process which will generate tension. The Deans in particular feel frustrated that their contribution to strategic decisions is purely consultative and outcomes of conversations are not guaranteed decisions. They perceive information being closely managed by a ‘*triumvirate*’ made up of the Rector, the Managing Director and the General Manager and who represent a powerful filter in all communication and decision-making processes. The Deans suffer from a lack of clear procedures which they feel leads to too much time being spent in negotiation, especially when the issues are academic and financial resources.

“Here everything is negotiated each time, there is never a point of reference, and everything starts all over again. Each time you want to hire someone, why and what for? You want to start a new programme, why, how, what for?” (Dean)

The effect cascades down the line to the Faculties where Deans are required to communicate Board decisions. Since faculty consultation is typically excluded from the process, the Deans can find themselves in a difficult position *vis à vis* their colleagues and are often perceived as ‘the Management’s messenger’.

“The Dean is not an elected representative of the academics who interfaces with the governance but is more closely integrated into the governance. He is a part of the governance structure with responsibility for guiding the Faculty, but at the same time, like all Deans, is ‘primus inter pares’. That means the Dean has no autonomy or direct powers that are different from the Faculty’s, all decisions are taken by the Faculty. He cannot make any decisions

autonomously unless expressly delegated by the Faculty to do so. The Dean is a mediator between the management interests for the whole University and the specific interests of the Faculty.” (Dean)

The decision-making process appears to have produced a split between the two communities with each one apportioning responsibility for institutional weaknesses to the other. While Management sees the governance model as supporting the institutional mission and providing flexible structures for rapid response, the Deans see lack of participation and communication slowing down processes and making collaboration difficult. Management calls for greater academic commitment and willingness to ‘*play by the rules of the game*’ and feels frustrated by legislative requirements to adhere to a central policy for academic recruitment. This is not only because of the costs it imposes but because they feel that it prevents them from creating the type of collaboration they envision with the academic community.

“The rigid Italian academic arrangements make it an impossible mission for the two parts of the University to work together well. Deans have little room for manoeuvre with academic colleagues over what or how they teach (...). It would be possible if there were a hierarchical structure coherent with the University’s governance structure but there is a clear separation when it comes to academic positions. That is where the hierarchy stops. I can influence the organisation, classroom design, buildings and facilities, even the curricula because the Board approves them, but I have no instruments to implement decisions other than convincing the academics that it is the right direction.” (Managing Director)

The University does not appear to have a cohesive leadership group but rather several small groups working according to their own set of priorities. There is no sense of any academic team but rather the Rector seems to be more a part of the management group, with the Deans operating principally within their separate Faculties. The Senate does not appear to have any real power or status in the University since Management prefers to engage with Deans on an individual and informal basis outside the formal structures.

The only team that appears to emerge is the small group of three that defines institutional direction through the Executive Committee and represents the most powerful group in the University. The Board does not transpire as having a real voice or any decisive role in determining institutional decisions but appears to serve principally as a ‘rubber stamping’ proposals from the Executive Committee.

6.4 Power of institutional culture -

University Z was born in the minds of a dynamic and determined leadership group with a strong vision for a singular project. The early years saw the University lay clear foundations and build an embryonic identity, but it stumbled quickly into a series of internal and external obstacles that have interrupted realisation of the project. There has been a progressive weakening of the original culture of entrepreneurial initiative to build a university with an innovative educational model and distinctive regional identity even though these continue to be the espoused values of the University.

While University Z has always had a clear vision of what it wants to become, it is hard to see how that vision is internalised or operationalised. It appears to focus on coping in the short-term through a series of *ad hoc* responses to threats and opportunities as they present themselves. While the recent downturn has forced a more concerted response and there are a number of good initiatives underway, the crisis does not appear to have led to a clearer articulation of strategy or process for change in the long-term.

As a young institution it inevitably feels more severely constrained by a restrictive national legislation but it has developed into a defensive culture that tends to replicate bureaucratic constraints and realign according to the legislation rather than exploit opportunities and seek to create innovative responses in the spaces where the legislation does not impose limits such as building a genuinely innovative teaching and learning model or a truly international campus. It appears unaware of developments beyond its own borders that could enhance its mission and offer opportunity for innovation and concentrates its attention on the national environment which tends to cause it to emulate and align.

“When revising curricula we monitor other universities, but we do not copy slavishly. It depends on the faculties. Engineering follows a number of national standards but keeps its characterisation in logistics, which makes us different. We used to be different in Law but now the reform has made us look more like other universities. In Economics we are close to [University X] but we have the same type of programmes, so it’s not because we imitated but because we thought the same way as they did.” (Rector)

Nevertheless, University Z has a strong sense of self-determination and is convinced that a more relaxed regulatory environment would enable it to develop the diversity it believes is key

to its sustainability. The requirements of satisfying national bureaucratic demands appeared to have diluted the original strong internal desire for innovation and experimentation, and it runs the danger of repeatedly re-aligning its expectations and ambitions to its current internal capacity, to state policy or market conditions and developing risk-averse responses that will contain it in a state of stasis rather than open it up to new possibilities for change.

It is also difficult to imagine how the project can be sustained over time and how the more ambitious elements for a key role in regional development and a research reputation for transferable knowledge can be achieved without the emergence of a genuinely entrepreneurial culture, not only for the purposes of income generation but also to create dynamic dialogue and proactive collaboration with the regional stakeholders.

University Z's strong reliance on tuition income has made it extremely vulnerable to market variations and after a first response of rationalisation and tighter resource management, it is taking a more proactive approach to fundraising as a new source of income. However, these are still limited to sporadic initiatives by Management to overcome financial shortfall and it has not yet created the foundations to encourage entrepreneurial behaviour across the different parts of the institution.

The University appears to adopt a culture of perseverance, focusing almost exclusively on the original document that defined the University at its inception. It speaks more of remaining faithful to the original project than of the need of re-interpretation for future direction. The project that is repeatedly cited as the foundation for all strategic decision-making has itself become an invisible document but the rhetoric is still very much in place.

“The University lives in rigorous respect of its principles, faithful to its original project that sees it tied to the region, to Europe, to sustainable development and with precise positions and beliefs.” (Managing Director)

Although University Z is vigorously committed to a precise project and its individual members express their aspirations for its realisation, the University communicates a sense of drift and a loss of identity. The culture appears not only diluted but also split into different parts with the Management and different faculties operating as separate units with their own sub-cultures and agendas. There are tensions between Management and the academic community, but also lack of cohesion between the three faculties that prevents the creation of a strong sense

of institutional belonging. There is energy in the different parts but they are not working together as a whole. The underlying mistrust and lack of engagement work against the emergence of a common purpose and belief.

Despite the many challenges it faces, there are still individual members who believe in the institution's potential to realise the original mission but University Z needs to find a way to move beyond the rhetoric and the desiderata to create a culture able to respond dynamically to change. Only genuine internal transformation can open it up to new opportunity for the realisation of its original project of innovation.

“Coming back here after five or six years what I see is a loss of focus of the initial mission. A guiding principle at the beginning was interdisciplinarity, now I see a weakening of connections between the faculties, but also unravelling within the single faculties. I think one of the things we need to do is rekindle the original spirit of believing in the idea of the university and being ready to make a contribution. When there was a shared vision there was enthusiasm [...] there are still people here who were here at the beginning and who still believe in the project, I hope it will be possible to remotivate them and bring on board the people who joined later to get the project started again.” (New Rector)

CHAPTER SEVEN – CONCLUSIONS -

This chapter analyses the three case studies to explore the commonalities and differences in institutional responsiveness to change and makes some recommendations for future development. It provides tentative answers to the two research questions that emerged from the literature review and in the light of the outcomes reached, it concludes with general recommendations for the sector at large. Finally, it returns to new institutionalism as the theory that informed the investigation and considers what implications the conclusions might have for the current debate on its applicability to the current higher education environment.

7.1 Analysing the sagas

The case studies were built up from the Diagnostic Matrix in Appendix C that considered four institutional tools of mission, strategy, governance and culture against four factors influencing privateness – control, funding, national regulations and supranational trends. The emerging sagas were structured to show the evolution of the universities and to identify the role of each saga in determining institutional response to the changing environment. All are operating in the same national environment but each university is faced with a unique set of local factors that influence its perceptions of opportunity and response. Each university has developed its own trajectory from its origins through its different stages of development and experienced internal and external events that have defined its identity and shaped its character. Their different stages of maturity, geographic locations, regional environments, configurations of academic disciplines, key leadership figures and stakeholders have all contributed to fulfilling the saga and creating the uniqueness of their heritage.

Each saga is working as a “switchman” (Weber 1946) determining the tracks for institutional response (Clark 1972). They all share factors that can favour responsiveness but how they prioritise the different components leads to different behaviours and outcomes. Each expresses institutional will but this is not sufficient in itself to engage in a transformative process. While Universities X and Y have initiated a process of strategic change that reinvents their institutional purpose in the face of exogenous forces of change, University Z adopts a position of persistence.

Universities X and Y blend their historical sense of saga and desire for success into future ambitions, intertwining continuity with change to carry out the metamorphosis. They are optimistic and forward looking with strong internal energy to change their core structures and

culture in order to protect their sagas. University Z, despite its youthfulness, has developed into a saga that over-focuses on retrospection and cannot find the institutional energy to propel itself forward and revitalise its identity.

University X is driven by its strong sense of leadership role. It has always acted as a model and forerunner throughout its history and now seeks to adapt to the requirements of a 21st century university, globally positioned, ranked and accredited to ensure it remains at the forefront of its field and continues to command the respect it has always enjoyed. Change is a genetic component of the institutional identity. University Y has a strong sense of service and responsibility to its stakeholder community, represented by its students and its sponsors. It has always shown willingness to change in order to ensure educational excellence. University Z is convinced of the value of its innovative model and the importance of its regional role but is focusing more on preserving and maintaining its original set of beliefs and values rather than re-interpreting and revitalising them in the light of emerging exigencies.

The next sections analyse in greater detail the different responses to exogenous change and make recommendations to each university for future development.

7.1.1 *Analysing University X - A saga of adaptive ambition*

Saga and self-belief

University X tells the story of strong ambition and desire for excellence that are deeply embedded into the institutional identity and astutely re-interpreted by the current leadership to create the energy and drive for change. The University was the vision of one man and came into being with a mission of diversity to provide an innovative answer to an emerging educational need. It was able to exploit an original idea backed by a solid start-up fund and it has continued throughout its history to respond to changes in its environment through a strategy of first mover that has ensured competitive advantage and maintained its leadership position.

While national regulatory conditions may have attenuated its distinctiveness and encouraged it to develop more of a “same but different” model over the decades, it has always had the intuitive ability to sense changes in its environment and make timely adjustments to ensure its survival and success. Its understanding of the new environment has convinced it to undertake dramatic alterations to the way it interprets its mission and realises its operations. University

X has been a national leader for over 100 years and equates a leadership position in the new conditions with internationalisation. This has led it to undertake a process of institutional transformation for elite positioning and its goal is to be ranked among the top five European universities for business education and research. It is engaged in a transformational process to take it from national to international player and leader.

Its external environment is determined by the globalisation of higher education and by the impacts of the Bologna Process in Europe, but its response is being shaped by internal factors that go beyond resources and competences to the saga itself and its believers. It is their interpretation of the environment and their belief in the role that the University can play that is shaping the response and lifting the institution out of its safe and familiar patterns of operation. It is stepping back from a position of consolidation and returning to a development phase from which it believes it will emerge not only transformed but revitalised and better equipped to determine its destiny in the face of the challenges of global higher education. Internationalisation is not perceived as a choice but an inevitable pathway for development to preserve the identity and value of the University.

Its distinctiveness can be encapsulated in its own sense of uniqueness. It sees itself as standing apart within the Italian Higher Education system, with different traditions, practices and values, and with a tested ability to act as a model for change and innovation for both public and private universities. In its search for a new incarnation, it builds on its own strong historical sense of identity and purpose that root it firmly in Milan and Italy, while looking beyond its borders for its future direction and measuring itself against successful European and international universities to define its modified identity. It finds inspiration and guidance in its past that enable it to reinvent its mission and project itself with a clear direction into the future. University X expresses Clark's (2004) "embedded institutional volition" for success, and adaptation becomes a natural consequence of that ambition.

Implementing the changes

University X has developed an ambitious plan for change not in response to state legislation but in response to shifting market demand. It is required to operate within the confines of the regulatory framework but it is its own perception that has changed to guarantee its leadership role and that has led to the new strategic plan. The decision to internationalise has led it to revisit its institutional purpose and shift its focus from a principally teaching to research institution in order to position itself globally while maintaining its role as a provider of

knowledge transfer and continuing education for the region and the nation. This choice has provoked institution-wide change, affecting every aspect of the University's operations, systems and processes.

It has been able to make use of extensive internal resources and competences that have enabled it to understand the need for change, develop an articulated long-term response and underpin it with appropriate human and financial support. The internal group that produced the 10-year strategic plan was able to draw extensively on the experience of the previous planning cycle and the improved financial management system that had been realised in the previous decade. They also brought to the team their individual experience and competence in strategic change and management, built up not only through academic knowledge but through their professional practice in the business community.

University X has moved from the planning stage into implementation of the new strategy and as each step moves forward, it brings with it a sense of success that allows it to maintain the momentum of change. Institutional strategies have been articulated in the different schools and departments, roles and responsibilities have been allocated, time horizons fixed, review processes established and incentive and reward systems put in place. The results have been both rapid and visible. New courses have been successfully launched on the market, enrolments have increased, internationalisation of the academic and student community is well under way and international research results have been achieved. Major physical plant investment has enhanced the city campus and produced a tangible sign of a changing institutional profile.

In its search to build an international reputation through elite positioning, ranking and accreditation, it is able to exploit an internal model of best practice through its internationally ranked and accredited business school that is surging ahead with its own strategy for greater internationalisation. In its search to enhance its already well-established national image, it can exploit its association with prestigious Italian businesses that are engaged in strategic projects with the University, and in some cases have representation on its Board. It is well-placed to exploit status and reputation.

Its financial strength has enabled it to launch its first international recruitment strategy with competitive salaries to attract the best possible talent as well as invest heavily in building up a more stable academic community willing to give full time commitment to the institution. It

has built on its experience of designing flexible contractual arrangements to overcome constraints of national legislation as well as developing mechanisms and incentives to promote and reward research achievements or alternatively create tools for dealing with poor performance and removal of unproductive staff. With high pay comes high accountability. Altered recruitment and retention strategies are leading to the emergence of a new type of academic able to make a contribution to the chosen strategic direction.

Although the University is financially strong, has direct ownership of its properties and enjoys a generous endowment built up over 100 years, its ambitious strategy for change goes beyond its current capabilities. It has become the first University to launch a fundraising campaign and can exploit its strong reputation to tap into the resources of the local and national business community with which it has longstanding relations. The companies represented on the Board played a key role by making the first donations and creating a strong image of success for the fundraising venture. Even though the initiative is currently experiencing a shortfall, the University has sufficient financial health to move forward with its plan, at least in the short term, until new revenues are identified.

University X's funding model has always been based on the principle of financial independence and this has traditionally meant a heavy reliance on tuition income. It now has a long-term objective to diversify its funding base and enhance income generation through new ventures in educational, research and knowledge transfer services. It is already encouraging greater entrepreneurial behaviour in research and is building on the talents of those academics who already work in business or professional practice by creating new opportunities for them to channel their energies towards the institution. It is fostering greater sustainability through the formation of new types of alliances and partnerships with a wider stakeholder community, each building on current and new connections that can create systematic long term co-operation and income generation. It is again well placed through its highly successful Management School with a strong tradition of academic entrepreneurialism that it can exploit for best practice.

University X has demonstrated the capacity to introduce innovative practices in strategic planning as well as in financial and human resource management. This is being achieved not only through the competence and insight of the leadership group in taking forward the strategy, but also in their understanding of the need to align the internal governance structures to the strategic objectives.

Appropriate structures to facilitate change

University X had already undertaken a re-organisation of its governance under the previous strategic plan but the current strategy has brought about radical innovation in internal governance. Decentralisation of decision-making processes has been introduced through the creation of five independently operating schools that are seen as key in realising the strategic objectives and are expected to build more entrepreneurial and adaptive responses. The new matrix organisation has not only taken the individual units closer to 'market' and increased accountability but it has broken the patterns of the traditional faculty structure that tended towards self-referential and change-averse patterns of decision-making.

Greater decentralisation of responsibility to the schools has been accompanied by stronger centralisation of academic power and a broader leadership structure. The Rector moved away from a small team of three to a model of an expanded rectorate that has become the key decision-making group and driving force for change within the institution. It is in the weekly meetings of this group that the different ideas coming from the Board or from the Schools and departments are discussed, developed and implemented. The team links formally and informally into all the decision-making structures of the institution. It connects into the decentralised structures since the team members represent the different schools, departments and functions and all the members of Academic Council are represented in the team which creates a direct link to the highest academic organ that, through the Rector, reports to the Board. It is also connected to the administrative services through the presence of the Chief Executive in the team. The different structures operate and communicate between one another both formally and informally through the various interconnections.

A more robust and more interconnected central leadership alongside a more distributed academic leadership in the schools and departments create the conditions for tighter coordination and accountability as well as more agile decision-making processes and enhanced ability for quick and purposive action. There is coherence in the operational model that enhances both consistency of purpose and flexibility of response but there is also coherence in the profiles of those called to leadership positions. All the academic leaders were chosen internally according to a precise profile that matched the strategic objectives for academic recruitment and lent credibility to the University's intentions. Since the case study was written, there has been a change of Rector with a younger academic, atypical for Italian tradition, with extensive international experience appointed to take the strategy forward. While short mandates have been a deliberate choice to promote innovation, the new Rector

has appointed a careful mix of old and new blood to his team to ensure both innovative response and continuity. In line with University X's tradition, of dynamic continuity, some members have remained in the team but have taken up new positions.

Changes to the internal governance structure have been made to render the University a more agile organisation with more refined management instruments to realise the institutional objectives, but an awareness of the need to change in response to a transforming environment came in the first instance from its Board of Trustees and in particular from the University President. Their assumptions about future trends initiated the SWOT analysis that defined the framework for the new strategy and by calling on external international experts to carry out the environmental and institutional analysis; they were able to legitimate the change process.

The Board has a decisive influence on institutional strategy and the delivery of goals. It is well-respected by the academic leadership as an institutional authority able to make a key contribution to the realisation of the mission. University X has no ordinary Board of Trustees. It is unique not only because it is composed of highly visible and renowned business leaders, but because of the participation of its own alumni on the Board, as guaranteed in the statutes. A number of these alumni may also have held academic positions in the University before joining the Board. This creates a strong interaction between its Board of Trustees and the academic and administrative leadership building on a long-standing tradition of dynamic continuity as alumni return and serve as academics or Board members, or shift from academic positions to administrative roles in the University or on the Board. Other academics that have excelled in leadership positions may also be invited to join the Board and recently, the international higher education expert who headed the small group that carried out the SWOT analysis has also been appointed to the Board. It is in the strong sense of community that University X finds the energy to rise to the global challenge.

The governance structures are important tools in underpinning the strategy and enabling the changes to take place in University X, either through the new organisation in schools and the creation of the rectoral team or through the existing arrangements in the Board of Trustees. They also reveal a shift towards a stronger academic influence over institutional direction but within more professional structures. These changes are altering the institutional culture.

Culture as a synthesiser for change

As strategy and structures are given new form and meaning, the institutional culture both shapes the response and is shaped by it. It is able to build on a strong identity and self-belief of uniqueness, excellence and leadership as well as a tradition of partnership with stakeholder communities. Parts of the old are blending with the new to create a new set of beliefs and behaviours that support the shift in institutional identity and purpose. Much of this is due to the capacity of leadership to promote a message of change and sustain a positive climate over time. A change in leadership gives a clear sense of new direction but the leaders themselves have inspired credibility and confidence in the community. They have embodied the change through their leadership skills and through their actions and interactions.

A change process relies on the capacity of individuals to change and embrace new possibilities and University X's leadership has been able to build on an accumulation and stratification of the existing culture embodied in a spirit of ambition and desire for excellence and channels it towards a new approach that altered the definitions of the terms. University X has identified its internal areas of excellence and is using them as examples of best practice for the whole institution. The leadership is exploiting the University's outward facing culture as they seek to build internal strength through external alliances, exploiting existing partnerships and alliances and searching for new opportunities either for income generation or prestige maximisation. It has found ways to promote and reward individual ambition that serve institutional purpose.

By developing a more powerful internal identity and creating stronger relationships between the different structures, it is building greater cohesion and sense of belonging which gives it the energy and will to face the constantly emerging challenges and manage risks. Internal structures and processes are being developed as instruments to exploit external opportunities and encourage innovation. – values of merit shifting from students to academics (recruitment and careers) and institution (targets and rankings). As it moves closer to its objectives, its image is moving closer to reality. It is the leadership's capacity to imagine the future and design the project in a way that has created both credibility and cohesion that has become the key element of institutional sustainability. Leadership is determining the culture and using it as a key tool in the change process.

7.1.2 Recommendations for future direction

University X is in the process of moving to the new reality but as it completes its first stage of implementation it must begin to focus on mechanisms to embed the changes across the

institution as well as focus on structures and processes that will guarantee sustainability. Despite the remarkable progress and rapid results, there are a number of critical areas that emerge and will require attention by leadership in the near future.

Enhancing intra-institutional synergies

- *Clearer role for administration*

University X emerges as an increasingly academic-led institution which implies that there has been a loss, or a perception of loss, of administrative power. A new academic structure requires a rethinking of the administrative structure. While University X may have enhanced academic authority, this should not imply a diminished role for administration. Administrators should not be seen simply as serving the academic community but as having a specific institutional role that is intertwined with the academic function. Cross-functional teams can improve intra-institutional synergies and build a stronger sense of common purpose.

There appear to be some matching of academic and administrative positions as in International Relations but the Schools are still serviced by a central administration. A review of administrative processes could lead to dedicated resources allocated to the different functions. Roles and responsibilities need to be clearly assigned and there should be precise arrangements on how the two parts work together. It should not be left to individual personalities to determine the success of working relations.

During the writing of the case study, the newly appointed Chief Executive stepped down after only a few months suggesting underlying tensions and conflicts either within the administration or with the academic community. This may have been a question of personality but if there is lack of clarity in the authority or discretionary power of the highest administrative position, it is a question that requires urgent attention.

There is a very strong sense of passion and commitment in the individual institutional leaders and it is important that this is harnessed into a joint effort at all levels and across all functions. This can lead to a greater sense of institutional team that comprises both the academic and the administrative communities.

- *Relations to the Board*

While University leadership expresses great respect for its Board of Trustees that plays a crucial role in determining and promoting institutional strategy, there is little direct contact between the wider leadership and the Board members. The Board only meets two or three times a year but one of these meetings could be used for direct consultation and exchange of views with representatives of academic and administrative leadership, rather than information being transmitted only via written reports or through the Rector and Chief Executive. Face-to-face interaction can lead to new developments as well as reduce distance between the different levels.

- *Engaging a wider academic community*

The new strategy has created a different academic profile that benefits those who identify with, and can meet, the new objectives. While in some cases it may be appropriate to remove unproductive staff, University X also has to deal with the reality of tenured academics who are secure in their positions until retirement. While the principal focus of the University is now on internationalisation and on creating a research reputation, it may also be possible to explore ways to use the talents of those who have been marginalised to institutional advantage. This is also important to avoid excessive build-up of resentment and resistance that can endanger the change process.

- *Reinforcing the management structures*

The academic governance model of short mandates is a precise choice for innovation and momentum for change but there may be a need for greater stability once the transformation process has been completed. More durable management structures with permanent deans may be a model that the University could consider for the future. The current pace in the institution is gruelling and there is a danger of fatigue in the individual members of the rectoral team. They continue to teach and carry out research (as well as external consultancies in some cases) alongside the management function and this creates an intrinsically unstable structure. Mandates of six years (3+3) with reduced academic workloads and opportunities for professional development could be a future model if the University does not wish to make the move to permanent deanships.

The Chief Executive is also appointed by the Board on a short mandate and this is also an unstable arrangement that may create vulnerability in the administration of the University. If the University does not wish to make this position permanent, it could consider a permanent

deputy function that could build up longer-term relations with the heads of department and the administrative staff.

Building institutional entrepreneurialism

The University believes that it has a strong academic culture of individual entrepreneurialism that it can exploit to institutional advantage. However, it may also want to consider ways to encourage entrepreneurialism in its new governance structure. Although it has devolved operational authority to the schools and departments, they still operate through a centrally managed budget. While the Deans acknowledge strong support from the Chief Executive for their budgetary needs, there is a case for greater financial autonomy for units working directly with their own market segments. They could be assigned the autonomy to manage their own budgets, make resource allocations and retain (a portion of) surplus of earnings for re-investment in their activities.

Developing a quality culture

University X is already developing a core set of indicators for decision-making and monitoring purposes but it could make more systematic use of European tools to develop a quality culture not only to support its strategy but to enhance systematic learning ability within the institution. It may find new ways to interact with its stakeholders and develop more robust processes for feedback that would enable leadership to receive essential information on the degree of ownership of processes and the level of implementation in the different parts of the institution. One stakeholder group that may be exploited more extensively is its own student body. While this may already be the case, no reference to the student voice emerged in the course of the interviews.

Academics and administrators at all levels are being exposed to new behaviours through their institutional interactions but it is also worthwhile considering professional development for more formal and explicit learning. If members are offered training in European or international organisations, they will have the opportunity for individual improvement and benchmarking. It is particularly important for university administrators to receive international exposure, gain practical experience of internationalisation and develop their own communities of practice. It may otherwise remain a word devoid of any concrete meaning for them in their daily work.

Incorporating diversity -

The University has built up a strong tradition of dynamic continuity with many of its successful alumni alternating between different academic and management functions and this has served its purpose well over time. However, in an increasingly complex environment, there could be room for leadership from a wider field. As its profile and purpose as well as its student and staff body become more international, it could consider reflecting this diversity at management level, not only for internal creativity but also for external credibility.

Blending past and future incarnations

University X is pushing through an ambitious process of change that is absorbing all of its energy and yet it should also find space for reflection on what lies beyond the realisation of its strategy. As it drives forward with its ambitious goal of an international research profile, it may also want to consider the reasons for its original success in practical engagement with the business community. In reflecting back on how that success was achieved, it may find ways and resources to ensure that it is able to achieve high standards in a dual mission of excellence in education and research. There is reference in its strategic plan to innovation in teaching and learning but no specific information on new models emerged in the course of the interviews. There are many European examples of best practice in innovative pedagogy and teaching in the multicultural classroom that it could adopt both in its university and business school programmes.

Alongside its unrelenting focus on current institutional objectives, University X should begin to lay the foundations for what it perceives as its next incarnation. It should consider creating seedbeds for experimentation in education and research that can become the foundation for a blueprint of its next trajectory. University X has embarked upon a transformational journey and must now harness the internal energy that will enable it to reincarnate in a never-ending process of adaptive ambition.

7.1.3 Analysing University Y – A saga of mindful mutation

Saga and self-belief

University Y displays many similarities of response with University X but it does not enjoy the advantages of the latter's resources to move forward at the same speed or with the same degree of confidence. Nevertheless, it is driven by its strong sense of institutional purpose and stakeholder responsibility that come from its partnership with the Italian Confederation of

Industry. It recognises that in the current environment its mission to educate leaders and make a contribution to regional and national development can only be realised through a strategy of internationalisation and it is in its desire to stay true to its mission that it finds the energy to embrace a process of transformational change.

University Y has undergone a number of mutations in its short history and since the change of ownership in the 1970's, it carved out a reputation for quality and excellence in just over a decade, but a combination of leadership changes and a static national environment sapped much of its dynamic ability. It developed behaviours more in line with the state sectors and its principal diversity lay in its quality of services rather than dynamic interaction with the business community and close attention to changing economic and societal needs. This complacency meant that it was in danger of losing its ability to fulfil its mission and retain its distinctiveness. It has been re-awakened from a dormant phase and is injecting vitality into its mission for excellence through a process of internationalisation.

It makes that choice through its commitment to serve and its understanding of a changing global environment. It identifies both threats and opportunities in the emergence of an increasingly competitive higher education market, and knows its reputation and survival will be significantly challenged without institutional change. University Y seeks to go beyond enhancement of its national profile and position itself amongst the top 25 European universities in its field.

As in the case of University X, it is making a conscious choice to step out of a phase of institutional consolidation and return to a development stage for its next mutation. The process is creating short-term instabilities and pressures but the University has a precise and ambitious vision of the role it can play in its transformed and revitalised identity. Despite tracing its origins back to 1949, University Y in its current form is little more than 30 years old. However, its strong sense of institutional purpose overrides any sense of vulnerability coming from its lack of maturity and it draws many of its values and beliefs from its previous identity. These are intertwined with its current identity and create the institutional link between past and future direction.

Implementing the change

The internationalisation strategy has much in common with that of University X but University Y starts from a weaker position and is required to carry out extensive preparatory work in

order to launch all the elements of the strategy over a three-year period. It does not have the experience of previous strategic planning cycles to build on, nor is it blessed with the same buoyant financial position. It does enjoy a national reputation but it is not as well-placed as University X that can exploit a strong brand as an uncontested national leader.

The trigger for change, as in the case of University X, came from its President and Board of Trustees who could recognise the widening gap in the University's ability to meet the needs of a changing labour market. The internationalisation strategy implies a shift from a teaching to research university, not simply for the purpose of elite global positioning but to strengthen the University's role as a key knowledge provider for its stakeholders. It is more a matter of institutional purpose than prestige.

As in the case of University X, the strategy for change goes well beyond the requirements of state legislation and it is also able to draw on internal resources and competences in developing the plan. Many of its academics have external consulting experience or private practice and the University made use of their knowledge as well as that of external experts as a means of legitimation for the new direction.

In implementing the change strategy there is a fundamental difference. While University X seeks new leaders from within the organisation, University Y identifies two key change agents from outside the University to bring new approaches and lead the transformation in both the academic and administrative communities while making use of internal resources to compose the new teams.

University Y is also currently in the implementation stage of the plan and is feeling encouraged by its achievements that enable it to maintain the momentum and increase the focus. While it is moving at a slower pace than University X, it has already launched new courses on the market, and thanks to a well-organised communication campaign it has significantly increased its applicant pool and been able to further enhance both quantity and quality of students. The new English-taught programmes are attracting the first cohorts of international students. The new city campus is a visible sign of change and enables the University to provide significantly improved facilities and support service.

It has initiated a new recruitment and retention strategy in line with the objectives for internationalisation but has to measure its financial resources carefully. It has turned to the

international academic labour market and introduced competitive salaries along with incentives to promote and reward research achievements in order to attract the best possible talent even if it is forced to do so in smaller numbers than it would like. It has compensated with new short- and long-term visiting professor programmes to bring in established academics willing to contribute in particular to the development of the research strategy.

Alongside the policies and mechanisms to build up research reputation, University Y is encouraging entrepreneurial behaviour in its academics by rewarding ability in obtaining research funds through co-funding and profit-sharing mechanisms. It seeks to build up a larger permanent academic community willing to give full-time commitment to the University but financial constraints impose longer time horizons. In the meantime, creative use of current budgets is bringing in younger and more motivated academics willing to dedicate more time and energy to the University.

University Y has a clear vision and an articulated strategy but does not currently have the resources to realise its ambitions. Its financial plan relies in the early stages on the financial resources that have been granted on the basis of its strategic plan by the Board of Trustees but the long-term objective is to reduce its dependence on tuition and diversify its funding base. It has experimented with fundraising initiatives in the business community and amongst its alumni network. However, it realises that it must be able to develop strong educational or research services that bring advantage to its stakeholders if it is to build long term co-operation and create a basis for income generation. One key alliance in this venture will be with its own Business School.

Reorganising to facilitate the change

The new Managing Director and Rector saw different needs for intervention in their areas of responsibility. Most of the structural changes were undertaken in the administration where poor co-ordination and communication were identified as sources of deterioration in university services.

A review of administration services led to staff changes and functional adjustments in the organisation chart. Staff were promoted or removed. Management levels were flattened through the incorporation of the positions of Managing Director and General Manager. The new team was assigned clearer roles and responsibilities and tighter reporting mechanisms

introduced. A general training programme to standardise knowledge in IT and English was introduced across all levels.

Academic structures have remained unchanged but a new team with new working methods has led to stronger cohesion and rapid results which has transformed the relationship between the academic community and the Board of Trustees from one of suspicion to one of trust. Two dynamic and vigorous teams have been put in place and the change is perceptible across the different levels and functions of the University.

There emerges a sense of strong central leadership in the dual model of academic and administrative responsibilities with clearer co-ordination and accountability. Faster and more efficient decision-making processes are enhancing the ability to act quickly and purposively. University Y is keen to free itself from the Italian administrative tradition of procedures and rules and there is a perception of a shift to organisational structures and behaviours that will encourage greater effectiveness and consistency of purpose as well as the capacity and flexibility to face challenges and develop responses.

Culture as a synthesiser for change

The new leadership demonstrates the ability to make cultural change. The culture is being altered by new systems and processes but also through a change in people who bring different working styles. Crucially, the leaders demonstrate the ability at the different levels of the University to inspire both credibility and confidence in the new strategy. It is in the daily determination of the leadership to move forward relentlessly with the plan while demonstrating the patience to convince and persuade the institutional members every step of the way that is slowly enabling greater acceptance and commitment to the new direction.

The leadership is rejecting and replacing what it sees as detrimental to the new strategy but also carefully building on old values to give meaning to new objectives. In its short history, University Y has accumulated and stratified a set of beliefs that have defined its culture, embodied in a spirit of ambition and desire for excellence, as well as a sense of responsibility towards its stakeholder community. It is dusting off the remnants of a culture of dependency based on the state model that had taken root in the institution and shifting towards a model of entrepreneurial endeavour. Its image is becoming reality.

7.1.4 Recommendations for future direction -

University Y has an ambitious long-term strategy for change and is aware that it must pace itself carefully if it is to reach its goals. It knows it will meet many challenges along its path and will need to adjust and adapt according to both its internal capacity and to external shifts. Leadership is engaged in a process of constant reflection and this analysis highlights some critical areas for their consideration. Given the commonality of strategy with University X, there are a number of similar recommendations.

Strengthening intra-institutional synergies

The saga suggests that academic and administrative communities have been operating as separate units with the two parts meeting only at senior management level. The new teams appear to be nurturing closer collaborations and it is important that this is encouraged with academic and administrative teams coming together in flexible teams to work on the different initiatives. As the academic leaders take on greater responsibility for the strategic goals, it is essential that they can rely on expertise in the administrative teams and that the two communities develop a sense of common purpose. The passion and determination of individual leaders and team members must be channelled into the formation of a strong institutional team that crosses boundaries of function and level. Each institutional success should be recognised and celebrated. A revitalised sense of institutional identity and pride will play a key role in overcoming challenges and realising the objectives.

Engaging a wider academic community

The new strategy has altered the academic profile and the academic leaders have invested much time and energy in convincing colleagues of the validity of the new direction. However, it will take time to create widespread ownership and embed the new thinking, especially in an academic community that enjoys the privileges of tenure. It is important that attention is kept high and that creative opportunities are identified to convince and convert an increasing number of academics. One approach may be to look at greater differentiation of strategy at faculty level and consider how internationalisation might be achieved in different ways and to different degrees, which may also enable greater use of currently marginalised talents to institutional advantage.

Reinforcing academic governance

Academic leadership expresses firm belief in the governance model of short mandates as a system that guarantees renewal and prevents accumulation of personal power. However, as

the University develops more articulated and longer-term strategic goals with greater financial complexity, it will require a more durable management structure and may wish to contemplate a model for greater stability and sustainability. The current model is intrinsically unstable and is putting all the academic leaders under considerable pressure to produce rapid management results in short periods of time, as well as maintain their academic commitments. While University Y might not yet feel it is ready for permanent deanships, in the shorter term it could consider management training for those who are appointed to academic leadership positions. If this were done at European or international level, it would create new opportunities for learning through communities of practice.

Relations to the Board

The governance model is seen as both natural and effective by both the administrative and academic leadership and while there may have been tensions in the past between the academic community and the Board, the new team has been successful in turning around the relationship and creating greater trust, which has been fundamental in securing sufficient financial support to move the plan forward. This positive result could be enhanced by creating the opportunity for a broader range of leadership to meet directly with the different Board members for informal exchanges and opportunities. Face-to-face interaction would further enhance trust but also enable more productive relationships to emerge.

Changing the administrative culture

University Y has a strong administration led by a businessperson that has pushed for radical changes but there will need to be a more conciliatory style in the long term that will enable all administrators at whatever level to identify with the changes and see the role they are able to play in the new organisation. Offering training in IT and English has been a first step but this needs to become systematic and linked to an incentive system for improved professionalisation to enable a shift towards a more service- and mission-oriented approach and away from a bureaucratic culture of compliance and adherence to regulations. It is also important that internationalisation becomes meaningful to them and administrators at different levels should be offered opportunities for professional development in European and international networks and organisations for learning and benchmarking.

Building institutional entrepreneurialism

University Y knows it needs to strengthen its financial capacity and has ventured into the uncharted waters of fundraising. While it can exploit its privileged partnership with the Italian

Confederation of Industry, it also needs to identify industries and organisations with whom it can build special and differentiated relationships as well as the specific services it can offer in return for financial support. This will require a long-term strategy to develop strengths in niche areas and to create models for knowledge transfer in collaboration with its business school. Both the University and the Business School stand to gain from closer collaboration and stronger branding. In the short term, it can continue to exploit the high visibility of its President and its Managing Director in the business community to promote its new identity and identify strategic partners willing to explore new avenues of collaboration. Since it is seeking to tap into its alumni community for financial support, it may be worthwhile hiring dedicated professional staff for fundraising activities.

Developing diversity

University Y aims to be recognised as a European university and is in the early stages of developing an international community of students and staff as well as building stronger alliances and networks with its European and international partners. Internationalisation is a means to become a stronger and more interconnected institution that can position itself strategically in Europe and develop a reputation in a number of niche areas. As this process moves forward, it may also consider greater diversity in its leadership to reflect its new European and international profile and broaden the range of competences.

Creating a quality culture

University Y has appointed a small internal team to develop institutional indicators that it will use to position itself as a European leader by seeking to become internally ranked and accredited. However, it could also take a broader approach and develop a quality culture across the institution to support its strategy and encourage systematic learning ability. Adopting European Quality Assurance standards would offer a different dimension to becoming recognised as a European institution.

As in the case of University X, this would give it an opportunity to reflect on the meaning of student centrality, which it sees as an essential part of its mission. This could lead to a reflection on what innovation it might introduce in pedagogy to enhance student learning but also how it could integrate the student voice more systematically in its evaluative processes.

Thinking to the future -

While University Y is putting all its attention and stretching all its available resources to the limit for the realisation of its strategy, it is nevertheless important that, like University X, it creates some space for experimentation and exploration of new avenues to ensure that its educational and research priorities continue to evolve and innovate. Its new direction is opening it up to both opportunity and threat and it must remain mindful of what its next mutation might be.

7.1.5 University Z – A saga of interrupted innovation

Saga and self-belief

University Z is the youngest, but paradoxically, the least dynamic of the three institutions. Caught in a state of paralysis, it appears sapped of its original drive for innovation. While University Z must contend with a challenging set of constraints that make it more vulnerable - its young age, small size, and reduced resources - it must find a way to respond resolutely to the changing conditions. Its current ad hoc strategic approach is causing it to drift away from its original project and divergent understandings of governance in the academic and administrative community are causing tensions in leadership. It is caught between regulatory constraints that are stifling its innovation capacity and budgetary pressures that have forced it to realign on the basis of current student demand.

In order to build the institution it has imagined, University Z must take the step of self-examination and institutional change. In the face of growing competition and unstable conditions, it still has a number of strengths it can exploit. It can build on its youthfulness and reanimate its original distinctive character. It can use its smallness to create a unique teaching and learning experience. It is strategically placed in a region that is seeking to revitalise and has a unique partnership with the industrial association that it can exploit. It can build on the desire for excellence expressed by individual members and take inspiration from the original project to make it meaningful for the current conditions in which it is operating. The saga may have been interrupted but it still has strong potential for realisation.

University Z sees its mission as an unequivocal expression of its identity and of the values and beliefs that characterise the institution, but it would do well to express its mission statement clearly and concisely in its public documents and on its website. While the idea is firmly imprinted in the minds of those who have participated in the creation of the university, it

remains open to different interpretations in the rest of the university community and the outside world. University Z's founders are dedicated to the mission of providing quality business education with a strong regional focus but they also appear to be over-protective of the mission and unwilling to devolve authority to the institutional members with the capacity to transform it into reality and enable the institution to flourish.

University Z is a young institution facing the challenges of lack of resources to respond as well as lack of reputation to position itself in an increasingly competitive market, but it was in the spirit of providing a diverse educational model that the University was created; it was in national shortcomings that it saw a gap it could fill and an opportunity that it could exploit; it was in a sense of common perspective and shared mission that it was able to achieve its first successes. It needs to re-awaken that spirit.

Building response capacity

The University's age and size may be acting as constraints to institutional development and sustainability in a period of external turbulence but the apparent lack of a clear strategic planning process appears to be weakening the capacity for sustainable growth. While University Z has always had a project describing its future identity, it is not clear how strategic intention is internalised or operationalised. There appears to be a gap between the project that sets out a broad blueprint for institutional realisation and a short-term focus based on ad hoc responses to threats and opportunities as they present themselves.

This approach to development has probably been one of the reasons why it found itself drifting from the original project, losing its distinctiveness and commitment to innovation. The University displayed the ability for rapid response and made radical intervention in the face of shortfall but trying to do more with fewer resources can only be a short-term solution and will not lead to growth. It has organised a concerted response and there are a number of good initiatives underway but the crisis does not appear to have led to a clearer articulation of strategy or process for change in the long term.

It is difficult to imagine how the University will realise its ambitious educational model or regional role without significant investment in academic resources and without a hiring policy that defines the criteria for selection in line with the type of academic contribution and commitment that is required. Choosing to develop three Faculties very early on in its lifecycle has meant that it has been forced to select and spread academic resources across the different

programmes, and it now finds itself making hiring choices principally according to ministerial criteria for academic ratios.

While the student experience and regional role have always been cornerstones of the institutional purpose, it has now added internationalisation as a third key element of its distinctive identity. However, it does not appear to have clearly articulated how international activities serve the mission, what contribution it can make to the student experience or how it could potentially enhance the regional role. It tends to take a more retroactive approach, integrating successful international projects and programmes into its declarations of identity and purpose as they emerge through bottom-up initiatives.

It is also difficult to imagine how the project can be sustained over time and how the more ambitious elements for a key role in regional development and a research reputation for transferable knowledge can be achieved without the emergence of a more entrepreneurial approach, not only for the purposes of income generation but also to create dynamic dialogue and proactive collaboration with the regional stakeholders who will feel motivated and attracted to developing partnerships with the University.

Organisational structures to facilitate response

While individual leaders express commitment to their tasks, the lack of cohesion across the leadership group appears to be producing a dispersion of energy. University Z's original sense of identity and shared direction has been weakened over time and it is difficult to imagine how academic energy and desire for excellence can be harnessed without greater inclusion and participation in the decision-making processes.

Tensions in and between the two communities are creating mistrust and isolation and there are tendencies towards reciprocal attributions of responsibility for the various shortcomings. The lack of a more participative model of governance appears to be preventing the emergence of a strong leadership team that could create the foundations for a sense of institutional belonging and pride. Short, renewable mandates of one year for the Deans and two years for the Rector are not conducive to long-term thinking or commitment but rather diminish the academic contribution to institutional development.

The recent change in two leadership positions has produced some first steps in the direction of new approaches. The new Rector is keen to recreate the spirit of interfaculty collaboration

and reinforce institutional identity. The new Managing Director is developing closer relations with the Deans and working with them to establish external collaborations. This is extremely positive but as long as such actions are undertaken on an informal basis rather than through a declared strategy, they risk remaining dependent on individual personalities and priorities.

Culture as a synthesiser for change

University Z came into being 18 years ago with a strong collaborative culture that crossed not only traditional disciplinary divisions but also the academic-administrative divide. It attracted institutional members because of its innovative approach to education and the opportunities it provided for experimentation. It had an outward facing culture with an explicit outreach to new forms of collaboration with the region and its stakeholders and had successfully convinced many local business leaders to provide it with both moral and financial support. It prided itself on being genuinely diverse in both its educational and organisational model. While the cultural model lives on in the minds and memories of the founders, it is progressively less visible in the institutional behaviours and actions.

A number of critical events have changed the way the institution thinks and behaves about itself and its environment with the consequence that its culture is no longer operating as a tool for institutional development but rather is preventing it from developing an adequate response to the changing conditions. University Z has lost the internal energy to respond dynamically to the new environment and establish itself as a genuinely distinctive institution. The consequences are clear for its daily reality is no longer innovation but survival.

7.1.6 Recommendations for future direction

University Z needs to re-discover its energy through a declared intention and explicit process for change that will enable it to realise its mission and build long-term sustainability. The following recommendations are articulated as a change proposition for the University.

Strategic Planning Process

University Z's first step should be an institutional evaluation that would bring in external expertise to guide it through the process. It should carry out an in-depth analysis of its own strengths and weaknesses, its external environment and its current and potential operations that could provide the information it would require to form the basis of an institutional strategy. Clarity of purpose is essential. Once it has determined its trajectory, it would need to redefine and communicate its mission in a way that is fully shared and understood by all the

institutional members. The mission should serve not only as a guideline for direction but as a motivator for change. It should become the precise starting point for an explicit and well-communicated strategy with clearly articulated supporting processes and mechanisms that can realise the change and channel individual behaviours in the identified directions. With such a process in place, it can produce a strategy for its three key areas not only through more focused objectives but also through greater integration to enable their realisation.

Create a genuinely innovative student experience

The educational model is the principle cornerstone of the university's mission and is undoubtedly the part of the project where not only the most substantial progress has been made but where the University has developed its reputation. It must build on its achievements to create a genuinely unique model that can set it clearly apart from its competitors. As a small university with compact student numbers and a young academic community, it could invest in innovative and dynamic curricula and pedagogies that would set it apart. It has experimented with e-learning but has not yet integrated it into the curriculum in a way that could give it a distinctive style. It had early experience in interdisciplinarity in its programmes and could build on the lessons learnt to re-introduce it across the three faculties. It has the potential to create a genuinely unique student experience and can exploit many of the examples of best practice that have emerged in the various European collaborative projects where it has been active and which would give a new dimension to its strategy for internationalisation.

Laying the foundations for an integrated regional role

Although a regional role has always been its second cornerstone, it has remained marginal to its core business and the activities that have emerged have relied more on personal relationships than on institutional alliances. It needs to build a name for itself in the region in both education and research. It could develop a more strategic outreach programme of open studies and professional upgrading as well as setting up part time degree programmes that integrate intensive courses and distance learning. This is a highly underdeveloped area that has still to become a reality in Italian Higher Education and it could become a forerunner in the field. It would also enable it to diversify its student type. It is still recruiting exclusively young pre-experience students and is in increasingly intense competition with the other regional and national universities for a dwindling pool of potential applicants.

If it wishes to serve regional interests in research it needs to develop a long-term strategy to emerge as a regional think tank and place where the local community can access global knowledge. It needs to develop niche areas for competitive research that can distinguish the institution and serve the interests of SMEs facing the challenges of globalisation. It can do this by engaging at institutional level with other universities and research centres at national and international level that can bring expertise and critical mass either for the production of new research or for technology transfer through applications of new knowledge for specific SME sectors. Some first steps have been taken in this direction but they need to be integrated into a clearly defined strategy with appropriate mechanisms for long-term sustainable development.

Identifying a focus for internationalisation

University Z needs to determine how internationalisation can serve the institutional purpose and what specific actions it wishes to undertake to enhance the student experience and the regional role. Internationalisation needs to become an integral element of its institutional strategy and it can start by reviewing its current activities and how they could be interlocked into a cohesive and coherent programme that supports other key initiatives or opens avenues for new developments to become a genuinely international campus.

If it decides to expand its international activities, it already has an extensive network that it can exploit for new strategic partnerships and alliances. It could explore international opportunities to build up critical mass for doctoral education and research initiatives as well as offer innovative integrated programmes. It could also seek to identify international universities with similar profiles and missions with whom it could engage in activities but also set up communities of practice for the purpose of benchmarking and improvement. A strategic approach to internationalisation would also require an appropriate human resources strategy for greater professionalisation of both academics and administrators.

Ensuring inclusive governance structures

If the leadership becomes committed to institutional change, then it must also feel comfortable with a more inclusive and participatory system of governance that can sustain the process. The academic leaders, the Deans in particular, need to feel greater ownership of and engagement with the decision-making processes. Creating longer mandates for academic appointments will be key to developing trust and engagement. Management needs to rethink its operational style to include more explicit communication processes and greater delegation

of authority. While exploiting the informality of a small structure, it also needs to ensure greater formalisation of processes for clarity of purpose. It must become more congenial to the academic culture and seek to develop a more harmonious working relationship. There may be lessons to be learnt from the changes adopted by University Y.

In order to become a credible partner in consultation, the academic community must rebuild interfaculty co-operation and present a cohesive group that can interact with senior management and is prepared to give full-time commitment to the University. Teams and team spirit need to be re-created within and across the different communities. The University has to rediscover its early tradition of academics and administrators working together at all levels and interacting with the Board of Trustees. In a small structure it has the opportunity to create productive relationships with those Board members that represent the local business community and are willing to engage with the University and actively participate in its welfare. It may be worthwhile considering some renewal of expertise within the Board.

Strengthened academic authority and facilitative management can build more effective structures for change. Greater power sharing and stronger collaboration sustained by clear direction, effective structures, lean, transparent administrative processes and open communication are necessary to support the strategic needs but also to rebuild trust and engagement and encourage a culture of initiation and innovation throughout the University.

Building long-term sustainability

The new direction will require both financial and human resources and University Z will need to prioritise and make careful choices for planned incremental development. Attentive examination of policies may lead to better use of current resources and there are many low cost actions that it can undertake. It can capitalise on academic motivations and recuperate energies that have been redirected elsewhere. To do so, it will need to develop incentives and rewards, but these may not necessarily be monetary but rather opportunities for experimentation or involvement in new ventures. It can exploit many of the professional skills of its academics who operate outside the university in different areas of expertise. It can identify new sources of income from existing activities such as the development of part-time degrees or the commercialisation of services such as its language centre and conference facilities. It will need to think creatively and move cautiously linking its strategic development to its ability for income generation.

University Z's strong reliance on tuition income has made it extremely vulnerable to market variations and after a first response of rationalisation and tighter resource management, it is taking a more proactive approach to fundraising as a new source of income. It is important that a more diversified funding base enters the financial thinking of the University but it is also important that this becomes part of its culture and that opportunities are created and encouraged across the different parts of the institution, rather than limiting itself to sporadic initiatives by Management to overcome financial shortfall.

Creating a quality culture

As a small, young organisation, University Z has the potential to develop a reputation for a quality culture by going beyond national requirements and exploiting European tools and models of best practice. If it were prepared to open up to critical evaluation, this would offer it an opportunity to adopt innovative quality processes with the potential to become genuine instruments of institutional change. Since University Z is not able to position itself in any rankings or seek international accreditation, adopting European quality assurance processes would provide it with a different strategy for creating visibility as an example of European best practice and would be much more useful to the realisation of its mission. A quality culture would create the basis for the University to rediscover its original spirit and initiate a process for continuous transformation and innovation.

If innovation is to be its key distinctive feature, then innovation must enter every aspect of its education and research activities and guide its organisational practices. Innovation must become an institutional commitment expressed at all levels in the academic, administrative and stakeholder communities and embedded into the daily actions and behaviours of all the institutional members.

7.2 Answering the research questions

The sagas describe the evolution of three universities based in three different locations and at different stages in their lifecycle with a different range of available resources. Each one has developed in a specific context and has responded according to its own understanding of environmental changes. There are a number of tentative conclusions that can be drawn from their behaviours that serve to answer the questions asked at the beginning of the investigation over the factors that influence institutional responsiveness to exogenous change and the role of privateness in shaping the responses.

The case studies suggest that responsiveness lies not only in identifying appropriate instruments for change but in the interplay and interconnectedness of the response, and that the energy to embark on a process of transformation lies in the saga itself and the institution's self-belief. To that end, the cases suggest that privateness plays a decisive role in responsiveness not only because the institutions are more exposed to environmental changes but because they are driven by a strong sense of purpose and responsibility to their stakeholder communities. Transformation is a means of self-preservation.

7.2.1 Critical factors for institutional responsiveness to exogenous change

The investigation focused on the saga as a construct for understanding how each institution has evolved around the four principal elements of mission, strategy, governance and culture. Beyond the importance of their role in developing responsiveness, what emerges in the sagas is how they are interpreted, implemented and interlocked to define institutional purpose and fuel the drive for change. It is the ability of leadership to create the interconnections that build coherence and cohesion in the university community, but leadership must first of all develop awareness of the nature of the changing external environment and create a credible vision for transformation.

Each university has its own disposition of relative strengths and weaknesses but it will be in its own power of imagination (Marginson 2007) that it will find a way of combining and prioritising its available talents and resources to exploit them to the full and develop the capacity for self-renewal. Those that are better endowed because of age, size, reputation or financial and human resources are better placed to respond but the institution's self-belief plays a major part in activating the response and creating institutional energy to sustain the process over time. The structures or processes in themselves will not generate responsiveness. They are essential but not sufficient to bring about the transformation.

Interplays and interconnections

Responsiveness is first of all environmental awareness and the talent to exploit external shifts to institutional advantage. It is in the interaction and interconnectedness of content and process with the context (Pettigrew and Whipp 1991) that the response becomes institutional reality. In both Universities X and Y, the trigger for change came from their Board of Trustees where the expertise and high calibre of individual members exposed to global forces in the business environment enabled them to make connections to the university world and give concrete meaning to the type of change that needs to take place. Their understanding of the

environment and their assumptions about future trends set the framework for the new strategy and legitimise a degree of change that take both the Universities into new directions and identities that stretch them beyond their current capacities in both financial and human resources.

There has to be a connection between the future vision and the institutional past and it is in a meaningful mission expressing the values and beliefs of the university that leadership will find a key starting point for change. A mission that has characterised the institution over the years is an effective tool to legitimise purpose and it will necessarily evolve over time. Recontextualising the mission defines the new strategic direction but the university must also demonstrate strategic capability to design the processes for change and sustain them over time. Radical change is achieved only when the institutions develop a carefully planned strategy that takes them through a process of 'logical incrementalism' but at the same time stretches them beyond their current capabilities and resources (Duderstadt 2000).

For the case studies this means increasing financial capacity in line with their strategic choices and to do so they choose to become more entrepreneurial in the way they manage their operations. The Universities are able to capitalise to different degrees and in different ways on their expertise and on their reputation to generate new resources for new or expanded ventures in education and research. They are encouraging greater individual entrepreneurialism through financial and other mechanisms that promote and reward achievement and innovation. At institutional level, they are initiating new types of alliances and partnerships with a wider external stakeholder community for more systematic co-operation and income generation to diversify their funding base and foster long-term sustainability.

In all three universities the governance structures are determined by the mission, and if designed and used appropriately they can play a key role in encouraging consistency of purpose and realising the strategic response. The Board of Trustees can operate as an environmental sensor but it can also play a crucial role in lending its expertise in key decision-making processes that determine institutional direction and in conferring powerful legitimacy to strategic choices.

All three universities seek to act as agile organisations with appropriate instruments of management in line with their declared mission and are cultivating, to varying degrees, a more

cohesive internal identity through tighter relationships between the different governing bodies as well as defining clearer roles for the different academic and administrative leaders. Universities X and Y have made changes to their organisational structures with the aim of developing a stronger central steering core (Clark 1998) that has the authority to drive through the changes and create structures and processes that are more responsive to the new environment and able to exploit external opportunities.

In implementing the new strategies, Universities X and Y are selecting human resources in line with strategic needs and according to precise profiles. They have identified new leaders with the expertise to bring about the change not only at the top of the organisation but dispersed throughout the different schools, faculties, departments and administrative offices. They operate in their respective areas and come together as a senior management team responsible for the success of the strategy. Leadership is at once more centralised and more dispersed.

In order to ensure the success of the strategy, Universities X and Y have actively engaged the wider community and sought extensive consensus through carefully planned consultation and communication. Transformative change processes remove a sense of safety and familiarity in the institutions and expose them to new vulnerabilities. There are daily risks, pressures and tensions that the institutions must be able to manage and the leadership makes an ongoing effort to bring both the academic and administrative communities on board not only through regular communication processes but by stimulating engagement through new opportunities.

Universities X and Y are in engaging in efforts to build cohesion around the new strategic direction for while personal leadership may initiate a process of change, it is the institutional will that sustains it. They are aware that it is not only a question of changing processes and structures but about changing beliefs and behaviours. Greater cohesion and sense of belonging gives the institutions the energy and will to face challenges and manage risks. As people come together in new endeavours and develop new behaviours, the culture adapts to the new reality.

In embarking on a journey of transformation, Universities X and Y are able to exploit the energy in the organisational saga and the strong self-perception of purpose that is shared by its members. The saga is defined in the mission, reflected in the governance structures, expressed in the new strategic direction and bound together by both the old and newly emerging cultures. Their belief in the saga makes transformation essential for self-

preservation and their leadership has astutely understood and re-directed the belief towards the new incarnation. It is in the strength of the original saga that University Z can search for the energy to embark on a similar pathway of change.

7.2.2 Role of “privateness” in shaping institutional response

Although the degree of response varies considerably according to the different perceptions and capacities of the three universities, the cases suggest that ‘privateness’ has played a decisive role in shaping institutional response. Exposure to new competitive pressures demands that they reassess their position, not only as a question of survival but out of a sense of institutional purpose and responsibility to their stakeholder community. They are driven by the desire to remain relevant to external needs.

Changing conditions

The literature defines ‘privateness’ as the degree of discretionary behaviour that these universities enjoy within their national regulatory context. All three universities come into being with a declared mission of distinctiveness, but in the course of their evolution they may not always have pursued it as actively as their original intentions suggested when state regulatory requirements forced them to align practices and standards. Furthermore, given their position within the national framework, they have inevitably measured themselves against the public universities and interacted with them, sharing academic staff, adopting their organisational models, and aligning with their degree programmes. The Italian higher education model is one of uniformity and centralisation and the universities often had no particular motivation to exploit their autonomy and behave in a highly distinctive manner.

That pattern has been interrupted by the new higher education conditions which are forcing them to move closer to their declared identity. Their stakeholder communities appear to be more demanding and require visible evidence that the Universities are able to realise the mission. It is their strong sense of institutional purpose that drives Universities X and Y to undertake a process of change in the face of increasing market pressures and they are able to draw on their own internal resources rather than any significant discretionary power *vis à vis* the regulatory framework to act autonomously. Indeed, they seek to free themselves from legislative constraints by ‘leapfrogging’ the national framework and exploiting international trends as a lever for change in their institutions.

The legal framework is something they must contend with but they do not allow their plans to be limited by it. As they push forward with their own agenda for change, the state regulations remain a source of tension but the state is no longer their sole point of reference, seen as out of touch with the new reality and unable to respond effectively to the new conditions. Universities X and Y have embarked on strategies not in response to statutory requirements but to competitive pressures in the emerging higher education markets at both national and international level.

This would suggest that, in the cases of Universities X and Y, the emergence of global drivers in higher education is indeed diminishing the role of the state as a model of reference. The Bologna Process is creating a state of flux that they can exploit and it is difficult to imagine that they would have embarked on such far-reaching transformative processes without the discontinuity it provided. The Bologna Process is more than structural reform, which did not represent any significant challenge to them, for it exposes them to the wider implications of a European Market and emerging higher education competition. In their requirement for dual accountability to state and market, it is the market that becomes the stronger driver in the new conditions.

Universities X and Y are not institutions in crisis but anticipate the need for change. On the other hand, University Z is a more vulnerable institution unable to count on the same range of resources and feels pressurised by the demands of an extensive regulatory framework that prevent it from realising its mission. It appears less aware of the global transformations and less responsive to the new European market. Its stakeholder community, represented on its Board of Trustees, does not appear to emerge as a powerful authority able to set a new direction. However, the University's future will depend on it developing the institutional conditions for risk taking and change.

This would suggest that privateness, in terms of degree of discretionary behaviour, is not only a question of state stance and policy but is also strongly determined by institutional will. Recent Italian reforms have granted greater autonomy to the public sector, effectively diminishing the margin for discretionary behaviour that once distinguished the non-state universities. However, University X and Y are now embarking on the most far-reaching transformation process in their entire history, driven by the ambition to become institutions of excellence beyond the borders of their own national context.

Privateness becomes not so much the autonomy that the state extends to the private institutions but the institutional will to use autonomy for the realisation of the mission. The cases suggest that privateness can become a tool for response if the right internal conditions are in place.

Self-perceptions

The sagas give an account of the different institutional features that enable the universities to adapt to the new environment but underline the importance of the saga itself in generating the will for change, revealing an implicit contrast with the state sector by highlighting the role that privateness has played in defining objectives and shaping responses. Privateness as independence, distinctiveness and social responsibility emerge in all three universities and the quotes highlighted below are taken as examples to demonstrate their meaning.

- Privateness as independence

“The Board of Trustees is representative of Italy and our stakeholders – local bodies, banks, businesses, Chambers of Commerce, the Ministry.. we have [national business leaders]on the Board but they do not seek to influence us in what we say, or suggest that we should speak well of their banks or businesses, that would never enter anybody’s minds.” (p.77)

“We have no owners, nobody can tell us what to do, neither the state nor the business world.” (p.84)

University X highlights clearly the idea of privateness as independence in terms of both control and funding. Its strong sense of self-determination pervades its culture and puts it firmly in charge of its own destiny. Its independence enables it to interact with its different stakeholders without feeling constrained or pressurised by them. It operates within the state legislation but will not let it stand in its way and has always prepared to push back the legislative boundaries to reach its goals.

It interacts with its stakeholders in the business community as an equal partner. It has always been driven by the desire for financial independence and has built up a strong financial base that grants it significant leeway in its decision-making. It shapes its own direction without being dictated to by either state or market.

- Privateness as distinctiveness

“We have pride in our difference. For a private university to have any sense it must be able to offer something that state universities cannot. Otherwise it has no reason to exist. The difference is not only quality but the link between the university and the world of work; that is the real difference. That is its focus and then because it is private it has different organisational and management structures that enable it to be more adaptable, it can anticipate processes. It has less bureaucracy, fewer procedures. If everyone does their job properly it will succeed.” (p.106)

University Y highlights privateness as distinctiveness. It encapsulates its identity in its diversity, not only in relevance of its academic offerings but also in the quality of its structures and services. It seeks to achieve excellence in both academe and administration for the realisation of its mission. It found the energy to change in its desire to maintain its standards and remain coherent with its institutional purpose. Its commitment to a distinctive mission made it willing to take the risk and stretch itself to the limit of its capacity in order to respond to change. Its belief in the quality of its difference gives it the faith to succeed. Diversity is the key to its sustainability.

- Privateness as social responsibility

“We are a university that grew out of the region and we remain rooted in the region. [...] The University sincerely wants to be a service institution and engine of development for the region. [...] We are not – and do not want to become – an ivory tower or a cathedral in the desert.” (p.128)

University Z highlights privateness as social responsibility. Since its inception it has had a distinctive and ambitious mission to educate leaders in its field and make a contribution to regional and national development. An outward facing mission has given it a strong sense of responsibility to its stakeholders and awareness that it must remain relevant to the external community. It may struggle to realise its mission but it retains a strong desire to be of service as a regional university. Social responsibility defines its purpose.

In the context of the three universities studied, privateness is part of their identity rather than their relationship to the state. All three universities interpret privateness as independence, distinctiveness and social responsibility and use it to confirm their actions, directions and purpose. Externally-driven change forces them to make internal changes, albeit to varying degrees, in order to remain both sustainable and relevant.

They are becoming more international as they choose to align with international standards in education and research; teaching in English, recruiting international staff and students, enhancing their international research profile; adopting international practices for academic recruitment, benchmarking against international universities and seeking to position themselves in international rankings.

They are becoming more entrepreneurial as they align their structures and processes with corporate models in governance and finance to move closer to their markets. They develop internal mechanisms to encourage innovation and achievement. They reach out to new partnerships for new forms of co-operation and income generation. They take inspiration from the language of business and speak of products and markets, of selling an experience to their students.

They are becoming more professional as they develop systems and processes that support their strategic direction and institutional goals. They re-define academic power to serve institutional rather than individual or disciplinary purposes. They remove perceived negative professional values that do not serve the institutional interest. They adopt more sophisticated tools to measure their achievements in education and research. They seek recognition and legitimation from their stakeholder communities.

They are becoming more diverse. Universities X and Y are changing fundamentally as institutions, adopting new values and practices in order to adapt to their environments. University Z may lack the internal cohesion to respond as effectively but the shifts are apparent even if it is moving at a slower pace. As they move closer to market, they move closer to mission. The new dynamics are closing the gap between rhetoric and reality. As they converge with international models, they diverge from the traditional national model. Universities X and Y are not only becoming more diverse from other universities, but are also breaking away from their own traditional pathways. Their behaviour suggests that a degree of diversification within a highly centralised and uniform system is now taking place.

The self-perception of privateness that emerges in the sagas is one of institutional uniqueness and value that is used by the universities to define their identity and their direction, and it is more meaningful to them than any real or perceived institutional autonomy within the state framework. While they may have driven more in the past by pressures to conform, the new conditions require them to adopt more adaptive and entrepreneurial behaviour. The cases suggest that privateness has the potential to be used as a tool for response.

7.3 Recommendations for a wider sector

The global drivers of change are leading to a new legitimization of higher education that is favouring greater privatisation, and in this context there may be lessons learnt from the sagas that could have meaning for a wider sector. The three universities studied in this investigation constitute only a very small sample and are not even representative of the Italian non-state sector which reveals a high level of intrasectoral diversity. They represent only one category identified as 'universities set up by business groups or individuals'. They were chosen as case studies because their profile suggested they matched the new university model promoted by the new discourse for higher education, but also because as private universities that operate extensively within a public sector framework they are hybrid organisations. Therefore, it seems likely that in their response to the new environment they may be acting as forerunners for change in the system.

There are commonalities and differences in the three cases for while they operate in the same environment and are exposed to the same legislative constraints and pressures for change, their local characteristics and conditions have produced different degrees of responsiveness. While the sagas describe the evolution of each university and highlight unique trajectories, there are nevertheless common messages that emerge for institutions embarking on a transformative change process.

The first message is the importance of the saga itself. The creation of a strong institutional identity acts as a powerful resource in facing risk and uncertainty and it sets a pattern for responsive behaviour as difficulties are overcome and objectives realised. The saga creates the community and the sense of self-belief. The institutional members feel pride in belonging to a unique institution and are willing to make decisive commitment and uncommon effort, especially in difficult times.

The second message is the importance of leadership with the 'power of imagination' to create the new vision and engage the community. It is leadership able to build an ambitious but credible project that will create cohesion and identity. It is leadership that is dispersed throughout the institution with the authority and capacity to act and bring about the changes, able to understand the different interplays and interconnections in both the internal and external environments and align institutional purpose to stakeholder needs.

The third message is the importance of institutional tools and resources. Each institution will find itself in a particular context in terms of its own historical development which will determine its degree of robustness or vulnerability in dealing with its particular set of challenges. What becomes essential is the institutional willingness to face its future with determination and ambition. Institutional mission, strategy, governance and culture are all powerful tools for change, providing they are combined coherently and are integrated with the institutional resources, financial, human, social and cultural, to promote growth and stimulate regeneration.

Once the institution has learnt to think strategically about its future, it will have embarked upon a transformational journey that will alter the way it thinks about itself and will enable it to sustain patterns of change in response to constantly mutating conditions (Clark 2004).

7.4 Theoretical implications and pointers for future research

While the focus of a DBA dissertation is to examine professional practice, this investigation has been theoretically informed by new institutionalism and at this point I would like to reflect on whether the theory is able to explain the developments of the three universities in the case studies. There is an ongoing debate over new institutionalism and its usefulness in understanding the current trends in higher education and it has been challenged in particular by a recent body of private higher education literature (Levy 1999, 2004, 2005; Bernasconi 2003, 2004) that sees the new institutional concept of isomorphism in contrast with its own assertions of increasing diversity in the global growth of private providers.

While the private higher education literature highlights the limitations of new institutionalism in understanding the emergence of private provision and its failure to anticipate the shift in

state policy towards privatisation and diversification, it nevertheless recognises the usefulness of its key tenets of coercive, normative and mimetic forces to examine how private higher education develops and interacts in the current environment. While private higher education authors assert a trend of greater diversity in structure and purpose, they also concede that isomorphic forces are at play.

New institutionalism identifies the state as the principal coercive force, able to exert pressure on the organisations that depend on it for survival, but global drivers are increasingly impacting on higher education and exposing universities to new international markets, standards and models. An increasingly competitive market forces greater diversity to guarantee sustainability. The market becomes the new coercive agency and market responsiveness becomes a new form of legitimation.

The state may become a less powerful coercive force, but it can still constrain universities through regulations that prevent *de facto* autonomy and hamper diversification. Universities find themselves subject to contrary forces as they seek to meet the needs of their regulatory framework and respond to market pressures. If regulatory constraints are high, they may choose to emulate in order to minimise risk and uncertainty or increase their own legitimacy rather than opt for greater diversity.

As highlighted in the investigation, the three private universities are hybrid organisations and represent a special case. They interact with and respond to both state regulations and market pressures and display both diversifying and isomorphic behaviours.

In the new environment, they turn away from the state and seek greater self-determination to realise their mission. Universities X and Y feel confident enough to retreat from the safety of emulation in state models and seek alternative sources of legitimacy in the international context and in their stakeholder communities. They believe they have the strength to respond and that they can shape their environment rather than submit to the forces of externally-driven change. While University Z is more heavily constrained by state pressures, it nevertheless seeks less state and more market. It appeals for greater discretionary power in order to exercise its autonomy to the full and identifies in its stakeholder community a model for emulation.

The impact of the Bologna Process awakens international ambition and influences the strategic direction in Universities X and Y. As they move closer to market, they move closer to their missions as their stakeholders, outside the field of higher education, are able to exert pressure for change in the organisation (Bernasconi 2004). Their mission becomes a source of legitimacy that justifies their strategic direction. There is more tight coupling and less myth and ceremony (Meyer and Rowan 1977; Meyer HD and Rowan 2006). There is less talk of excellence and there are more actions to achieve it: more responsive curricula, clearly defined research criteria and hiring mechanisms, tighter allocation of resources, benchmarking standards.

Many of the changes that are introduced represent path breaking features as they dismantle core academic values and practices and these behaviours challenge the notion of normativity in new institutionalism as the academic community submits itself to new rules. Rather than protect its own interests and resist the change, it is leading the institutional transformation and defining new mechanisms and tools considered more appropriate for the new environment.

The academic community is aligning with managerial practices (Deem 1998, 2001) and making them their own. This also suggests that there is no longer such a clear divide between models of academic collegialism in the public sector and managerial practice in the private sector. The cases suggest that the two professionalisms interact and new models of academic professionalism emerge. There is a re-interpretation of academic norms and collegial modes of governance.

New actors are introduced, socialised to different norms from international and business communities, who are able to influence and define organisational activities. The universities occupy a specific niche (Hannan and Freeman 1977) and their links to the business community and connected academic configurations lead not only to greater legitimation from their environment but also encourage isomorphic behaviour. The emergence of new legitimate models is not envisaged by new institutionalism (Levy 1992, 1996, 2004).

New institutionalism suggests that homogenising forces in the environment will “*override diversity in local environments*” over time (Powell and DiMaggio 1991:14) and therefore organisational diversity is only possible if the environment itself is diverse (DiMaggio and Powell 1983; Powell and DiMaggio 1991), although it does recognise that diversity may come

from a wider group of constituents able to condition and institutionalise the organisation to a new set of norms (DiMaggio and Powell 1983). The universities are breaking away from the national model to achieve their goals and prefer to emulate international standards and practices or business models in their stakeholder communities.

The universities seek to become diverse and yet engage in new forms of emulative behaviour. Their actions are not merely ceremonial to gain approval or support (Meyer and Rowan 1977) but are tightly coupled with actual operations. Mimetic forces also become coercive as Universities X and Y opt for internationalisation in the belief that they have no other choice for institutional survival.

Universities X and Y are selectively mimetic. They identify with international university models and measure themselves against them. They take inspiration from business practice. However, international and business standards and practices are not the only models of mimesis. There is also intrasectoral mimicking taking place (Levy 1999, 2004). University X has always been a model for both Universities Y and Z, and University Y is watching University X closely as it strides ahead with its internationalisation strategy.

University Z is a particular case for it is caught in the contradiction of contrasting isomorphs: it wishes to model itself closely on the local example of small and medium sized enterprises but is also strongly influenced by state bureaucracy and practice. These contrasting models produce its culture of stasis. Emulation of successful models is not always possible (Carroll 1993). Its leadership recognises the need for excellence but appears unsure how to produce it and unable to implement the appropriate strategies.

Although structural constraints in its environment are making University Z over cautious it is still seeking to respond, albeit at a slower and less ambitious pace and in a less visible and less structured manner. It seeks to be diverse although its struggles to find sustainability of its mission within the national framework. It is still a vulnerable organisation for a number of reasons and in an increasingly competitive environment it often opts for risk-averse strategies of emulation and compliance with state legislation (DiMaggio and Powell 1983).

The university responses reveal both convergent and divergent behaviours. Isomorphism can be consistent with diversity and they should not be seen as mutually exclusive (Vaira 2004). Globalisation has been described as a common isomorphic agenda for system decentralisation

that is producing an anti-isomorphic prescription for institutional diversification (Levy 1999, 2004). This can lead to a paradox of decreasing diversity between countries and increasing diversity within countries as universities identify with models beyond their borders.

The powerful commonality of the Bologna process unites European institutions through common practices and structures while fostering greater organisational diversity and inter-institutional competition in the name of a globally attractive higher education area. It promotes convergence of structures and divergence of response. Structural convergence is increasing competition and requires institutional strategies of diversification for competitive advantage. While a pattern of convergence is emerging at the level of institutional strategy, the strategy itself is to be divergent.

The paradox is confirmed in the cases. As they become more nationally diverse, breaking traditional institutional pathways, they become less internationally diverse. They diverge from the national model as they emulate successful international strategies, position themselves internationally and form international partnerships and alliances for competitive advantage.

This final reflection seeks to make a contribution, however small, to the debate over the usefulness of new institutionalism in understanding the new trends in the field of higher education. New institutionalism seeks to reconcile with new conditions (Meyer HD and Rowan 2006). While recognising the persistence of conditions for isomorphism, it also recognises the shift away from conditions that favour isomorphic behaviours as a market place in higher education emerges and universities develop more private-like features in response (Bernasconi 2006). It realises the need to adapt to the new, more complex and less stable higher education environment, where the combination of state and market forces generate contrasting tensions and a multiplicity of public and private sector stakeholders apply opposing pressures for change. In considering the new forces in a more dynamic field, new institutionalists believe they can make a useful contribution to how diversity and isomorphism are operating and interacting.

The findings in the cases suggest the presence of convergent and divergent behaviours in the three universities but given the limited scope of the investigation, there is inevitably a degree of speculation and it would require further study to confirm the assumptions. Despite the challenges by private higher education writers, this does not detract from the value of new

institutionalism as a heuristic device to explore patterns of development and response in a highly heterogeneous private higher education sector.

The three universities studied in this investigation are operating in different conditions from those described by most of the private higher education literature. They are bound by public higher education legislation that encourages conformity and standardisation, but as principally self-funding organisations are increasingly exposed to the new market pressures. They are hybrids and in that sense may be acting as forerunners and anticipating change in a wider sector.

The Italian State struggles to implement the Bologna reforms but the trend is nevertheless toward further privatisation for greater diversity and responsiveness. It may still be a stronger force than international drivers for change, but the balance does appear to be shifting. The particular features of the three universities suggest that they may be anticipating the effects of that change, and it may be possible that in the future the public universities will seek to emulate their strategies and practices.

Further investigation of private higher education patterns of behaviour in the new environment that considers the impact of heterogeneity of response could refine understanding of the effects of shifting forces on the institutions and their systems. Given the new higher education discourse and the interest in privatisation to promote diversity and adaptability, further studies of hybrid universities in particular could provide useful information on how institutions develop responsiveness and how privateness might be used as a tool for change.

CHAPTER EIGHT – PERSONAL JOURNEY -

This dissertation has focused on institutional responsiveness to change and the DBA has represented my own transformational experience. The final chapter is an account of my personal journey during the DBA period and how it has enriched me in both an intellectual and professional sense.

8.1 My own transformation

As mentioned in the introduction, I have always had an interest in the role of higher education and this has made me naturally curious to explore and engage in events beyond my own institution. I have been involved in the Bologna Process in Italy as a member of the National Experts Team and have been appointed to the recently constituted Ministerial Taskforce for Internationalisation. I have been an active member in the European Association for International Education for many years and concluded my two-year Presidency in 2008. These external involvements have offered me many opportunities to expand my understanding and update my professional skills, but I was searching for an academic experience that would provide a framework for more formal learning. When I discovered the DBA I knew instinctively that I had found the right educational programme, although I confess I did not fully comprehend the journey I was about to embark upon and what occupying the new space would mean to me.

The commitment to the DBA has implied a huge challenge in terms of finding the energy to dedicate to the enterprise. I found myself managing three major projects – my full-time work at the University which includes extensive international travel, my work as EAIE President and my studies - but at the same time I found I could draw benefit from my engagement in all three activities. They were all interconnected in different ways and enabled me to fulfil each task more successfully. Despite the considerable pressures in meeting the three responsibilities over these last five years, I consider it a privilege to have undertaken the DBA.

It has broadened my understanding of higher education away from the focus of international relations and enabled me to see higher education institutions in a more holistic and global context. I have gained insight into how universities operate and how they interact with national legislations, external environments and drivers for change, and this also has allowed me to see my own role more clearly and how it might develop at my own institution or

elsewhere. I feel more empowered as a higher education professional since I feel I have acquired greater knowledge and confidence to shape my own future.

I have noticed changes in the way I operate. I have reflected on my own practice as a manager and on the effectiveness of my approach, the way I carry out my job, organise my team and interact with others. This has had immediate effect on my daily experience and has led me to introduce new organisational structures and methods acquired through the DBA experience. It has also enhanced my leadership style, not only in giving me greater confidence to lead but also in making me more sensitive to the cultural and professional differences of those I am expected to engage and interact with. Greater awareness of diversity in people's views and approaches has enabled me to build stronger teams.

I also feel that I have developed stronger critical and analytic skills through the different assignments and the dissertation. The assignments were a key learning phase applied to real topics in my own institution but beyond my immediate professional domain and they gave me the skills and the confidence to tackle the dissertation. However, this learning was greatly enriched through the experience of the residential blocks and the interactions with the DBA community of teachers and students. I cannot imagine that I would have been able to complete the programme without the human side and I consider myself fortunate to have met such a fine group of colleagues who have inspired and supported me throughout these five years.

As a university administrator, I feel that an academic programme has given me not only greater understanding of the academic culture but the opportunity to experience it. I have been surprised at the interest the academics at my institution have shown in my DBA and their willingness to participate in my interviews as a contribution to my research activities. I have also been surprised at what I would term 'academic generosity', the willingness of academics outside my institution to meet and discuss with me, or provide me with articles they have written. I was impressed by the enthusiasm of all respondents to participate and genuinely cooperate and help me in my studies. They were all generous with their time and their thoughts, and spoke freely and openly in response to all my questions.

8.2 Leading a change process

I was given an extraordinary opportunity to act as a change agent and lead a process of transformation for two years at the European Association for International Education in my

role as President. When I stepped into the position, I was aware that the association had grown very rapidly and was becoming not only a larger but also a more complex organisation in a rapidly changing external environment. I sensed that despite its successes the association had to change in order to keep pace with the transformations and I wanted to re-organise it in a way that it could build on its strengths and experience without being over-protective of its past. The association had only recently overcome severe financial difficulties and I felt it was now ready to move beyond short-term pressures and decision-making to build its future more strategically.

I instigated a review with the help of internal leadership and external consultancy that would assess the association's operations and develop a plan for change. Given that the leadership group is an elected one that changes every two years, it was essential to develop a path that could be defined over time as opportunities and challenges presented themselves to the association. A blueprint for the future emerged that outlined the envisaged association for 2020 and could guide operational decision-making.

The process included a review and rewording of the mission to give it a more dynamic direction and set challenges and standards to work towards. The association's image was refreshed with a new logo and house style that connected it to both its past and present incarnation. The 2020 vision represents the three key articulations of the association of servicing members, developing the professional field and promoting interests, and the statements are deliberately ambitious to drive the association forward.

The blueprint focuses on six key areas for development. Three areas are long-standing and well-developed - membership, the conference and professional development - but they require constant attention as the needs and expectations of a diverse and changing membership body testify.

Three areas introduce greater change. One is the development of the third element of the vision to promote interests and enable the association to develop a stronger voice as a key player in the field. It has that potential but has not yet fully accepted and understood the role it can undertake. The second is strategic management. The blueprint is the first long-term plan the association has had, accustomed to developing two-year rolling plans, with each new plan emerging from the previous one according to the individual preferences of each new President. The blueprint was developed in response to the need for strategic planning as the

association grew not only larger and more complex, but also became more vulnerable. The blueprint sets a direction but remains flexible and adaptable. However, the association needs to develop a more clearly articulated strategic planning process with appropriate tools to assess outcomes and realise the objectives. It needs to develop stronger environmental scanning mechanisms and develop the ability to raise income through a more diversified range of sources.

The third key area for change is governance since the existing structures and processes no longer serve the associations interests in the best possible way. The Secretariat has been restructured to make it more functional to the association - more policy oriented, more proactive with a stronger external presence – and able to support the elected leadership, for as the association grows it is no longer realistic to expect the elected members to manage all the activities alongside full-time employment at their institutions. The new Presidency is currently creating the new governance structure and rewriting the statutes and by-laws. The EAIE is making the shift to a more professional organisation.

Leading and managing the process meant that I also had to deal with resistance among the elected leadership and the full-time secretariat. It was a process of constant communication and negotiation, but I maintained a firm position and convinced a growing number of people that the issue was not about whether the association should change but how it should change. It was never an easy process and there is still resistance and tension as the new leadership group takes the plan forward.

Both the formal experience of the taught components, assignments and dissertation as well as the informal interactions with colleagues and academic staff on the programme were key in enabling me to analyse the association's situation and then to initiate and guide the process of change. It was a very practical and highly engaging activity of bringing together professional and academic knowledge that accompanied me during my DBA journey and gave me a real experience of occupying the new space.

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APPENDIXES -

- Appendix A** Selected definitions and classifications of private higher education institutions
- Appendix B** Interview guides – Phases 1 and 2
- Appendix C** Diagnostic matrix for institutional responsiveness in the three universities
- Appendix D** Institutional facts and figures
- Appendix E** University governance charts

APPENDIX A

SELECTED DEFINITIONS AND CLASSIFICATIONS OF PRIVATE HIGHER EDUCATION

1. Functions and rationales of the private sector

Types	Drivers	Funding	Characteristics	Outcomes
Mass private sectors <i>"more education"</i>	Increased demand, inability of state to respond	Heavily dependent on tuition fees, demand absorbing, market oriented	Few study programmes, vocationally oriented in high demand fields part time academic staff	Low cost, selectivity and standards, little propensity to innovate, strong government regulations
Parallel private sectors <i>"different education"</i>	Existence of legitimate cultural groups with interests in government	Extensive government subsidies to provide equal access and high standards	Single high national standard for university degrees More opportunities and choices for positioning and competing with public sector	State funding leads to less sensitivity to interest groups, reduction of autonomy, loss of freedom to innovate, non distinctiveness of system
Peripheral private sector <i>"better education"</i>	Serves purposes unacknowledged by state, aimed at specific groups, legally tolerated OR Response to decline/politicisation of public sector	Partly funded and incorporated into state system OR Self funding	Unlikely to have capacity to compete academically with public sector Focus on niches and small numbers OR Politicised and of mixed quality	Need for support produces close association with sponsoring groups or specific student segments Responsive to those needs Greater diversity

Adapted from Geiger (1986)

2. State Policy Stance to Private Higher Education

State Policy Stance	State Relationship	Funding	Enrolment capacity	Institutional Consequences
Laissez faire	Pays little attention to private sector Collects minimal	No or little funding No tax incentives, no state	Relatively small enrolments OR Large enrolments in	Lack of large pools of candidates and substantial endowments, low quality standards, narrow vocationally oriented

	information Limited regulation and no planned role	scholarships Freedom of private sector to set fee levels	low quality institutions	curricula, insufficient infrastructure and sometimes loss of capacity to enrol
Central planning	Same treatment as public sector Planned role in system, blurred divide Private sector forced to act like public counterparts	Funded by direct subsidies Receives substantial share of budget.	10-20% of enrolments (less than 50%)	Able to compete because funding model but dependent on state funds and subject to regulation, less likely to be able to sustain diversity of mission and maintain rapid market responsiveness Become quasi public
Market competitive	Designed to make public sector compete in environment similar to private sector Limited state intervention State gathers and disseminates comparative information	Open market structure Grants available to all students	Individual student choice	All institutions have greater academic autonomy

Adapted from Zumeta (1992, 1996, 1997)

3. Model of differentiated profiles of private higher education sectors in Europe

Roles of Private Higher Education				
Access Provision			Elite Provision	
Exploitation Low quality replication	Motivation High quality replication	Innovation Catalyst for change	Opportunity Renewal of elite/social equality	Exclusivity Reproduction of elite/social inequality
Depends on high student demand	Depends on high student demand	Niche provider	High admissions selectivity, financial support	High fees
Responsive to student market	Labour market links	Drives change in sector	Responsive	High concern for image, prestige, reputation
Less concern for QA and accreditation status	Responsive to student market and perceived shortcomings in public provision	Responsive to student and labour markets	High concern for quality assurance and accreditation status	Less concern for quality than for reputation of exclusivity
	Concern for QA and reputation	Concern for QA and reputation		

Adapted from Fried et al 2005

4. Private Higher Education Institutions and Affiliations -

Typologies	Description
Affiliated	Sponsor defines mission and governance, retaining control through sole or majority participation in governing board
	Sponsor or appointees in control but authority partially relinquished in favour of another institution to strengthen institutional support or guarantee founding principles
Proprietary	Founded by individuals and controlled solely by same founders (appointees or successors) who govern from position on board and sometimes also from executive positions inside the organisation
Independent	Power is generated from within the organization and the governing board is controlled by internal stakeholders

Strong affiliation	An external organisation appears in the articles of the association and other legal documents of the University as a founder of the institution or as a member of its governing board (totally or partially owned by the external organisation)
Weak affiliation	Formal relationship between an external institution and the University whereby a minimum sponsoring, tutelage or advisory role has been conferred upon the external organization by the governing bodies of the University

Adapted from Bernasconi (2004)

APPENDIX B

INTERVIEW GUIDES

PHASE 1: INFORMATION GATHERING

Respondent Sample

University X	University Y	University Z
Rector	Rector	Rector
Vice Rector Research and Human Resources	Dean Economics	New Rector (since 2007)
Vice Rector Co-ordination	Dean Law	Dean Economics
Dean Internationalisation	Dean Political Science	Dean Law
Dean Undergraduate School	Deputy Dean Business School	Dean Engineering
Dean Graduate School	Managing Director/General Manager	Managing Director
Dean Doctoral School	Deputy Director	General Manager
Dean School of Management		
General Manager School of Management		

Interview Schedule -

AREAS OF INVESTIGATION AND QUESTIONS
1. Origins and development
<p>Why was this university set up originally? How has it evolved and can clear stages of development be detected? What is the mission? How would you define its distinctiveness today? Who are the key stakeholders and what role do they play?</p>
2. Role of affiliation
<p>What is the role of the sponsoring/promoting body What is its style of operation? What contribution does it make to the mission (diversity and autonomy)?</p>
3. Organisational structure/governance and overall coherence
<p>How is the University organised to carry out its business? How do the different structures operate and communicate between one another? Formally and informally, with what frequency? How effective are the structures in promoting the mission? Where do new ideas come from and how are they developed? Have the structures evolved over time? What institutional features enable the institution to act most independently?</p>
4. Funding and sustainability
<p>How is financial autonomy ensured?</p>

<p>What is the funding model? How are resources allocated? How are income generating activities encouraged and sustained?? What is the role of stakeholders?</p>
<p>5. Autonomy and vulnerability</p>
<p>What degree of autonomy does the university have? What is the role of affiliation? How has the environment changed? What are the challenges?</p>
<p>6. Impact of reform on strategic direction</p>
<p>In particular, what has been the impact of Higher Education reform on the University? How well placed was the University to respond? Has distinctiveness been enhanced or diminished by the reform? What forms of response have been put in place in light of the changing conditions? What role did the mission play?</p>
<p>7. Strategic plan</p>
<p>What does the strategic plan seek to achieve? How are the issues of growth, diversification, uniqueness and vulnerability faced? How are strategic plans developed, communicated and implemented? Are there internal obstacles to realisation of strategy? What is the influence/role of stakeholders? What resources are in place to realise plan?</p>
<p>8. Quality and Credibility</p>
<p>What internal or external reviews does the university arrange or submit to? How does it act upon them? How does it benchmark itself? How else does it seek to build reputation?</p>
<p>9. Institutional leadership and change</p>
<p>How are leaders elected or appointed? Has the role of leadership changed over time? How is leadership perceived? What are the instruments of authority to reach objectives?</p>
<p>10. Future direction</p>
<p>How will the university develop in the next decades? How will the sector respond? How will competitors fare?</p>

PHASE 2: HYPOTHESIS TESTING

Respondent Sample

University X	University Y	University Z
Rector (first interview)	Rector (second interview)	Rector (first interview - new appointment)

Interview Schedule -

Question 1 Purpose: to pry open without threat	
Introduction	Sub-questions
In the debate over the usefulness of new institutionalism in understanding private higher education, the three dimensions emerging in the literature appear to be the tensions between diversity and isomorphism, technical and institutional rationality and organisational change and organisational persistence.	<p>Do you think this captures the key features of the private sector in Italy?</p> <p>Where does your institution stand on these?</p> <p>Do they capture what you see as the key features of your institution's uniqueness?</p>
Question 2 Purpose: to see behind the saga	
Introduction	Sub-questions
<p>Having seen all three institutions this is what I see as emerging in your university, what is your comment?</p> <p>Specific identities for comment:</p> <p>University X has always taken on a leadership role and as it sought to be model for the 20th century, it now seeks to be model for 21st century. It feels confident enough to take control of its environment. It sees change as a natural evolution.</p> <p>University Y has undergone radical change in its short history revealing an ability to a react environmental shifts while staying true to its own identity and purpose. It changes in order to stay the same.</p> <p>University Z is seeking to maintain original identity and is reluctant to engage in any change. Its identity is embedded in the original project that was strongly innovative but the innovation process has been interrupted. It communicates a sense of being overwhelmed by changing environment.</p>	<p>What do you identify as the successes and risks in current strategy?</p> <p>What type of leadership style do you seek to promote?</p>

Question 3 <i>Purpose: to understand how institutional future is perceived</i>	
Where do you see your institution in the next 20 years?	
What will change and how will you respond?	
How will you retain your identity in a changing world?	
What do you perceive/desire as your personal success as Rector?	

APPENDIX C

DIAGNOSTIC MATRIX FOR INSTITUTIONAL RESPONSIVENESS IN THE THREE UNIVERSITIES

Areas of investigation	FOUR INSTITUTIONAL TOOLS			
FOUR FACTORS INFLUENCING "PRIVATENESS"	MISSION (motivation)	STRATEGY (realisation)	GOVERNANCE (organisation)	CULTURE (cohesion)
<p>CONTROL</p> <p>Ownership and type of affiliation</p>	<p>Role of affiliation in shaping mission and preserving distinctiveness</p> <p>Academic/Administrative identity and buy in to mission</p>	<p>Influence of affiliation in creating strategy and delivering goals</p> <p>Academic/administrative participation</p>	<p>Power of affiliation in organisation and decision-making processes</p> <p>Type and reach of management vs. academic structures</p>	<p>Impact of relationship between affiliation, management and academe</p> <p>Impact of external stakeholders and market pressure groups</p>
<p>FUNDING</p> <p>Degree of private and public sources</p>	<p>Consistency of mission in defining funding model and generating sources of income</p>	<p>Coherence of funding, strategic choices and realisation of objectives.</p>	<p>Role and ability of governance structures in financial management and fundraising</p>	<p>Influence of funding model on behaviour</p> <p>Presence/absence of entrepreneurial behaviour towards income generation</p>
<p>STATE STANCE AND POLICY</p> <p>(Degree of regulation)</p>	<p>Sustainability of mission within the state framework</p> <p>Balancing autonomy and accountability</p>	<p>Degree of constraint of national regulations on strategic direction</p> <p>Need for legitimacy from state</p>	<p>Academic and personnel regulations, impact of tenured academics</p> <p>Degree of institutional autonomy and accountability</p>	<p>Power and ability of culture to respond to external constraints and opportunities (Defensive vs coping cultures)</p> <p>Internal bureaucratic constraints as replication of externally imposed constraints</p>
<p>SUPRA-NATIONAL TRENDS</p> <p>Drivers for change</p>	<p>Supranational trends (Bologna) as drivers</p> <p>Degree of autonomy to exploit international opportunities</p>	<p>Strategic capability for new models</p> <p>Institutional conditions for risk taking and change</p> <p>Mechanisms to promote and reward achievement and innovation</p> <p>Degree of collegial entrepreneurialism</p>	<p>Environmental sensors and scanning ability</p> <p>Structures to encourage consistency of purpose and develop response</p> <p>Layers of authority and communication processes</p>	<p>Degree of buy-in to institutional culture</p> <p>Positive/negative interaction between different cultures</p> <p>Inward looking or outward facing culture</p> <p>Consequences of Italian academic model</p>

APPENDIX D

COMPARATIVE INSTITUTIONAL DATA¹²

	University X	University Y	University Z
Year of Foundation	1902	1966 (from pre-existing institution)	1991
Location	Milan	Rome	Outside Milan
Faculties	Economics (offering also Law)	Economics, Law, Political Science	Economics, Law Engineering
Cycles	Bachelor, Master and Doctoral	Bachelor, Master and Doctoral	Bachelor, Master and Doctoral
Bachelor Programmes*	5 (1 in English)	3 (1 in English)	2**
Master Programmes*	10 (6 in English) 1 integrated Master	6 (1 in English) 1 integrated Master	2 *** 1 integrated Master
Doctoral programmes	6 (5 in English)	9 (2 in English) and 5 in consortium	1 (0 in English) and 3 in consortium)

* All programmes offer a range of optional pathways for specialisation.

** Selected courses offered in English

*** One pathway offered entirely in English (120 credits)

Academic Portfolio

	University X	University Y	University Z
Bachelor level			
in Italian	Economics: Business Administration and Management Economics and Finance Economics and Management in art, culture and communication Economics and Social Sciences	Economics: Economics and Management Political Science: Political Science and Communication	Economics: Business Administration Engineering: Industrial Management
in English	Economics: International Economics, Management and Finance	Economics: Economics and Business	Economics: Option of third year of Business Administration in English
Master level			
in Italian	Economics:	Economics: Economics and Business	Economics:

¹² The data are from the years 2006-2009 and are not strictly comparable but are provided to give a general overview of each university. They are taken from information provided directly by the interview respondents or from the university websites and information materials.

	<p>Management</p> <p>Marketing Management</p> <p>Accounting, Corporate Finance and Control</p> <p>Economics and Management of Public Administration and International Institutions</p> <p>Economics and Management of Financial Institutions and Markets</p> <p>Law and Business Administration</p> <p>Economics and Social Sciences</p> <p>Law:</p> <p>Law (Integrated Master – 5 years)</p>	<p>Management</p> <p>Economics and Finance</p> <p>Law and Economics</p> <p>Law:</p> <p>Law (Integrated Master – 5 years)</p> <p>Political Science</p> <p>International Relations</p> <p>Government and Public Communication</p>	<p>Business Administration</p> <p>Engineering:</p> <p>Industrial Management</p> <p>Law:</p> <p>Law (Integrated Master – 5 years)</p>
in English	<p>Economics:</p> <p>International Management</p> <p>Marketing Management</p> <p>Finance</p> <p>Economics and Management in Arts, Culture, Media and Entertainment</p> <p>Economics and Social Sciences</p> <p>Economics and Management of Innovation and Technology</p>	<p>Economics:</p> <p>General Management</p> <p>International Management</p> <p>Economics and Finance</p>	<p>Economics:</p> <p>Business Administration (International Business Management)</p> <p>A number of electives in Industrial Management and Law in English</p>
Doctoral programmes			
in Italian	<p>Law:</p> <p>Law of Business and Commerce</p>	<p>Economics:</p> <p><i>In consortium with other Italian Universities:</i></p> <p>Business Law, International and Internal Arbitrage Law, Project Financing, Mathematical Methods for Economics, Business, Finance and Insurance</p> <p>Law:</p> <p>Law and Economics, Public Law, Company Tax Law</p>	<p>Interdisciplinary:</p> <p>Integrated Company Management</p> <p><i>In consortium with other Italian Universities:</i></p> <p>Comparative Law, Economics, Economics and Management of Technology</p>
in English	<p>Economics:</p> <p>Economics</p>	<p>Economics:</p> <p>Economics</p>	Not offered

	Business Administration and Management Statistics Finance International Law and Economics	Political Theory	
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Student data -

	University X	University Y	University Z
Admission test	Yes	yes	Yes
Total Enrolment	13,636	6,629	1,896
Enrolment details by discipline*	Economics – 12,679 Law - 957	Economics – 2,714 Law – 2,748 Political Science – 1,108 Interdisciplinary – 59	Economics – 983 Law - 530 Engineering - 383
Enrolment details by level*	Bachelor 7,827 Master 3,846 Integrated Master in Law – 957 Doctoral 127	Bachelor 2,262 Master 1,624 Integrated Master in Law – 2,536 Doctoral -171	Bachelor - 933 Master - 435 Integrated Master in Law – 481 Doctoral -15
Post Degree programmes	Professional masters 464 Business school masters, MBAs, EMBA 657	Professional masters 113 Business school masters, MBAs, EMBA 310	Professional masters 696 (590 in health-related programmes)
National enrolments	Milan: Bachelor 18,8%; Master 18,4% Region: Bachelor 13,9%; Master 13,4% Rest of Italy: Bachelor 58,1%; Master 60,1%	Rome 30% Region: 10% Northern Italy 2,9% Central Italy 6,5% Southern Italy 49,6%	Province 35% Region 36% Northern Italy 8% Central Italy 3% Southern Italy 16%
International enrolments	Bachelor 9,2% ; Master 8,1%	1%	2%
International Partners	190	101	91
Double degrees	14	1 (2 under development)	12
Exchange students	2328 outgoing 1275 incoming	189 outgoing 141 incoming	147 outgoing 127 incoming
Internships	National 2,300 International 700	National 416 International 104	National 800 International 22
Number of graduates 2008	Bachelor 2007/08 : 2053 MSc: 2006/07: 1536	1,032	557
Average time to employment after graduation	2.9 months (Master: 1.3 months)	3 months	2 months

Alumni relations	67,062 graduates in databank 28 networks in Italy 24 international networks	6,450 graduates in databank	5,786 graduates in databank
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* These do not necessarily match the total number as details do not show students still enrolled in pre-reform programmes or other professional education programmes.

Fee structures – annual tuition

	University X* 2009/2010	University Y 2009/10	University Z 2008/2009
Bachelor in Italian	From € 4,428,24 to €9,958.24 (4 income brackets) for each year	Year 1 - €7,200 Year 2 - €6,900 Year 3 - €6,600	€5,914.62
Bachelor in English	From € 4,428,24 to €9,958.24 (4 income brackets) for each year	Year 1 - €8000 Year 2 - €8000	Not offered
Master in Italian	1 st Year: €10,888.24 2 nd Year: €9,998.24	Year 1 - €8,100 Year 2 - €7,800	€5,914.62
Master in English	1 st Year: €10,888.24 2 nd Year: €9,998.24	Year 1 - €9,000 Year 2 - €9,000	€5,914.62
Integrated Master (Law)	From € 4,428,24 to €9,958.24 (4 income brackets) for each year	Year 1 - €7,500 Year 2 - € 7,200 Year 3 - €6,600 Year 4 – €6,300 Year 5 - €6,900	€5,914.62
Professional Master Programs	Ranging from €11,000 to €14,500	Ranging from €4,000 to €7,000	Ranging from €2,700 to €7,500
Business School Masters and MBAs	Ranging from €12,000 to €38,500	Ranging from €12,000 to €25,000	Not offered
Financial aid (fee exemptions, scholarships, loans and other forms of assistance)	€21,000,000	€3,500,000	€1,550,000

Research structures -

	University X	University Y	University Z
Departments	Accounting Economics Finance Management Decision Sciences Law Institutional Analysis and Public Management (7)	Economics and Business Legal Sciences History and Political Science (3)	Economics Business Administration Law Quantitative Methods Technology (6)
Research centres	23 research centres (including research division of Business School)	14 research centres 3 observatories	10 research centres, 6 laboratories/ observatories
Publications in international journals	239 (2008)	n.a.	n.a.

Executive Education -

	University X	University Y	University Z
Executive Education Structures	Business School School for the Legal Profession	Business School School of Journalism School for the Legal Profession	Research and Training Division School for the legal profession Courses for lawyers, chartered accountant s and notaries
Professional Master Programmes *	29 (including 1 MBA in English, 1 EMBA in English and 2 EMBA in Italian)	10 (including 1 MBA in English, 2MBAs and 1 EMBA)	11
Short courses (seminars, courses, customised courses)	690	120	200
International Accreditation	Equis, AACSB, Amba (Business School)	No current accreditation	No current accreditation
International Rankings	FT MBA 2009 38 in the World 15 in Europe 1 in Italy FT Executive Education 2008 15 in the World 5 in Europe 1 In Italy	No current ranking	No current ranking

* Professional Master programmes may be offered in other structures other than the Business School

Staff -

	University X (2008)	University Y (2008)	University Z (2008)
Total academic staff	1,401	1,152	335
Permanent/adjunct/ visiting	331 permanent 320 adjunct faculty and visiting 95 post doc	72 permanent 819 adjunct and visiting 162 research grant holders 99 tutors	33 permanent 280 adjunct and visiting 5 post doc
Total administrative staff	594	150	83

Income sources -

	University X (2006)	University Y (2008)	University Z (2007)
Tuition Fees (all programmes)	77%	70%	60%
State Funding	12%	9%	14%
Research income	7%	5%	9%
Other contributions	4%	16%	17%

APPENDIX E

COMPARATIVE GOVERNANCE STRUCTURES

Composition of Board of Trustees

	University X (19 members)	University Y (30 members)	University Z (23 members)
Representation of affiliation	10 members from promoting body (including 3 alumni) who appoint President and Chief Executive from their midst	17 members from promoting body who appoint President, Executive Vice President and Vice President from their midst Immediate Past President 4 members from supporting body including President and Vice President	13 members from promoting body who appoint President, Vice-President (Managing Director) from their midst
University Representation	Rector	Rector General Manager President of Alumni Association 2 Professors 1 Administrator 1 Student	Rector 3 Deans 1 Professor 1 Student + General Manager*
External representation	Ministry for University Education and Research Regional Government Provincial Government Municipal Government Bank Foundation Chamber of Commerce and Industry (3)	Ministry for University Education and Research	Ministry for University Education and Research Regional Government Provincial Government Municipal Government Regional Government Provincial Government Municipal Government
Mandates**	4 years renewable	3 years renewable	3 years renewable

* No voting rights

** Academic terms are for length of mandates

Composition of Executive Committee -

University X	University Y	University Z
President	President	President
Vice President (if appointed)	Executive Vice President	Vice President (Managing Director)
2-4 Board Members (Promoting Body)	Vice President (if appointed)	3 Board Members (Promoting Body)
Chief Executive	Vice President Promoting Body	Rector
Rector	General Manager	+ General Manager*
	Rector	

* No voting rights

Academic Structures

	University X	University Y	University Z
Central decision-making body	Academic Council	Academic Senate	Academic Senate
Composition	Rector Vice Rectors School Deans Department Directors	Rector Faculty Deans Departmental Directors + Vice Deans* + President or Executive Vice President* + General Manager*	Rector Deans 1 Student + General Manager*
Main decentralised educational decision-making body	School Boards (Faculty Board now with reduced powers)	Faculty Boards Dean Vice Dean Full professors Assistant Professors Associate Professors	Faculty Boards Dean Full Professors Assistant Professors 3 researcher representatives

		(no tenured researcher positions)	3 contract academic representatives
Departmental Boards		Director Tenured academics	
Rectoral Team (optional)	Rector 5 Vice Rectors 4 School Deans Business School Dean Dean for Internationalisation	Rector Faculty Deans Business School Dean Departmental Directors	Not active
Mandates	Rector, Vice Rectors and Deans (2 years renewable) Departmental Directors (3 years renewable)	Rector, Deans and Departmental Directors (3 years renewable)	Rector (2 years renewable) Deans (1 year renewable) Departmental Director (1 year renewable)

* No voting rights