

# Influences of Decisions and Outcomes on Organizational Identity and Sustainable Viability in Small, Private, Nonprofit, Mission-focused Higher Education Institutions

By

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As educational leaders in small, private, nonprofit, mission-focused higher education institutions confront environmental challenges, their decisions influence organizational identity, culture, and viability (Barron, 2017; Dickeson, 2010; Docking & Curton, 2015; Freeland, 2009; Lytle, 2013; Zenk, 2014). Strategic and operational decision-making is informed in a complex environment of internal and external influences (Baron, 2017; Bradfield, 2019; Chatlani, 2018; Ehrenberg, 2012; Fletcher, 2013; Kolomitz, 2016; The Chronicle of Higher Education, 2019a; The Chronicle of Higher Education, 2019b). The purpose of this research is engaged scholarship to inform practitioners of decision-making in mission-focused, nonprofit institutions with better understanding of why and how adaptation is occurring, and provide a conceptual

framework for decision-making and further study of organizational leadership in this important sector of higher education. See Figure 1: Research Model

Four-year private, nonprofit, degree-granting institutions represent 34% of all accredited institutions in the United States and serve over 5 million students (Hussar & Bailey, 2019; Integrated Postsecondary Education Data System, 2019). Most of these institutions are tuition-dependent and vulnerable to enrollment dynamics that threaten their long-term viability (Brown, 2015; Fessenden, 2017). My exploratory qualitative research investigated four such institutions through a multiple-case replication study utilizing semi-structured interviews of four to six leaders who participate in strategic and operational decision-making and represent key stakeholders at each site.

**Small, private, non-profit colleges represent 34% of all accredited four-year institutions in the U.S. and are confronted by environmental challenges that threaten their survival. This research informs practitioners and scholars with actionable findings for decision-making to promote viability.**

Keywords: Decision-making, Organizational Adaptation, Organizational Culture, Stakeholders, Strategic Management, Non-profit, Higher Education

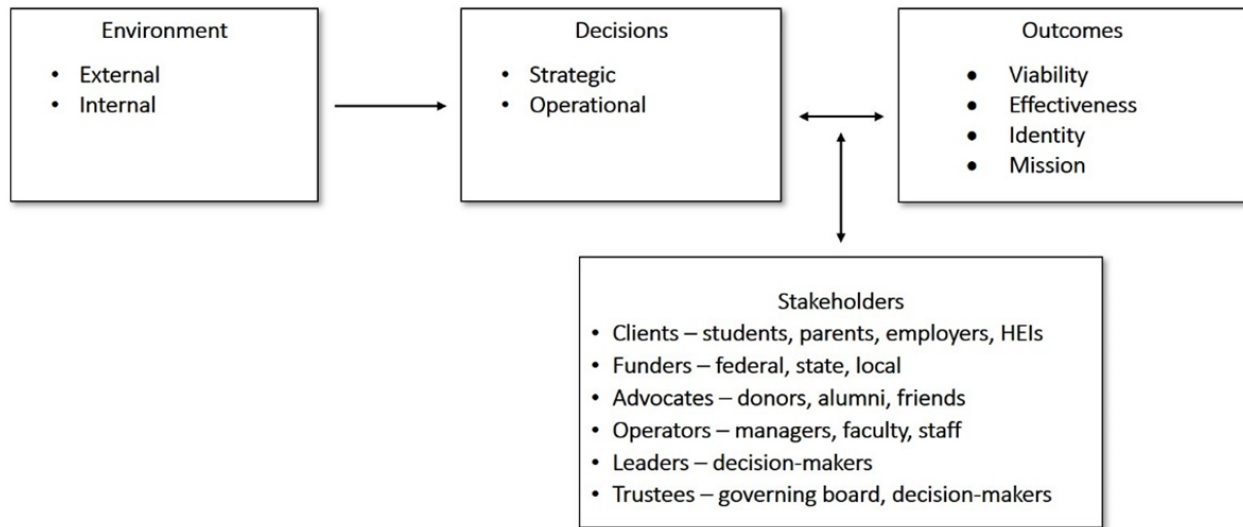


Figure 1. Research Model

## Findings

Institutional outcomes are linked to competitive reputation, and an institution's reputation is determined by perceived relevance, distinctiveness, and affordability of the institution. Organizational adaptation in complex environments is at the nexus of decision-making and outcomes. Stakeholder experience drives decision-making to enhance stakeholder affinity for institutions. Stakeholder affinity determines their engagement with the institution and engagement influences the institution's viability. Outcomes influence decisions intended to produce relevance, distinctiveness, and affordability among present and future stakeholders.

Five key findings are discussed:

(1) It is imperative for organizations to understand how stakeholders perceive an institution's relevance, distinctiveness, and affordability. That is to say, stakeholders define value and quality in higher education based on the extent to which they believe it will benefit themselves and others, why any particular institution is the institution of choice for them, and whether they believe the benefit of engaging is worth the cost. The literature has addressed what institutions have done to influence financial outcomes and institutional effectiveness as measured by accreditation and federal funding requirements (Hanover Research, 2014; Hillman, 2012; Prager et al., 2018; Terkla, 2011). My research has identified qualitative factors that influence those outcomes.

(2) For example, the second key finding suggests institutions must define relevance, distinctiveness, and affordability in terms of stakeholder expectations and experience. The congruence between expectations and experience is reflected in stakeholder choices pertaining to engagement, advocacy, and influence. Therefore, organizational decision-making

must be informed by stakeholder engagement, advocacy, and influence through the lens of stakeholder experience.

(3) Stakeholder affinity is determined by their experience with the institution. It is critical to focus on stakeholder experience in decision processes and outcomes because their affinity for an institution is reflected in their giving of time, talent, and financial resources. Stakeholder affinity is a determinant of long-term commitment to advocacy for the institution. In fact, it is viewed by organizations as their "life-blood." Stakeholder affinity reflects admiration, respect, and loyalty for the institutional identity and causes stakeholders to advocate, especially when institutions are challenged in difficult circumstances.

(4) Institutional viability is measured both quantitatively and qualitatively. Literature focuses on quantitative measures of viability and decision-making (Terkla, 2011; The Chronicle of Higher Education, 2019c; The Chronicle of Higher Education, 2020). My research suggests these institutions view financial viability as a means rather than an end, which is to fulfill their purpose and mission. Institutions may make decisions and accept outcomes that are fiscally detrimental in the short-term if the perceived benefit serves the organizational purpose and mission as a conservation of its core values in the future. Similarly, institutions may make decisions and accept outcomes that are fiscally beneficial even if the perceived benefit somehow re-directs their purpose and mission, potentially re-defining their identities in the future. The interactions among core values, purpose, mission, identity, and outcomes is a vortex of decision-making in which adaptation occurs. Institutions are viable because their values and missions are supported by stakeholders who engage with and advocate for them.

(5) Effectiveness is also measured both quantitatively and qualitatively. Accreditation of higher education institutions is related partially to financial viability. Accreditation is also a means to an end. There are specific quantitative measures of institutional effectiveness monitored and reported externally by institutions. Literature focuses on how institutions improve these quantitative measures (Barron, 2017; Hillman, 2012; Terkla, 2011). My research found institutions are qualitatively assessing effectiveness and searching for appropriate measures to better understand and improve their effectiveness. The qualitative factors pertain to the life-long impact of institutional experience on stakeholders, especially constituents who are not among the core constituency. Institutional missions represent duality of purpose: Academic preparation of students for future success and spiritual formation or transformation for life-long influence in society. Academic preparation and occupational outcomes are easier to measure than life-changing formative and transformative spiritual experience. Research in this area is nascent, as studies of life-long spiritual persistence are just beginning to emerge. This is the primary focus expressed

by institutional leaders when they discuss their organizational identity and decision-making – forming or transforming students to influence others in the future. My research found it is perhaps the least understood outcome. Institutions know who their key stakeholders are. They know who their key donors are. They are not sure how their decisions in present circumstances are connecting current stakeholders with their heritage while establishing a foundation for the future. Institutional leaders believe this is important and their decisions are informed by this goal.

### Conclusions

Three actionable findings institutional leaders can and should implement to promote sustainable viability and organizational identity in challenging circumstances are presented:

1. Establish and strengthen impactful relationships with prospective and current stakeholders to promote and ensure life-long association between the institution and its present and future stakeholders. This process is both

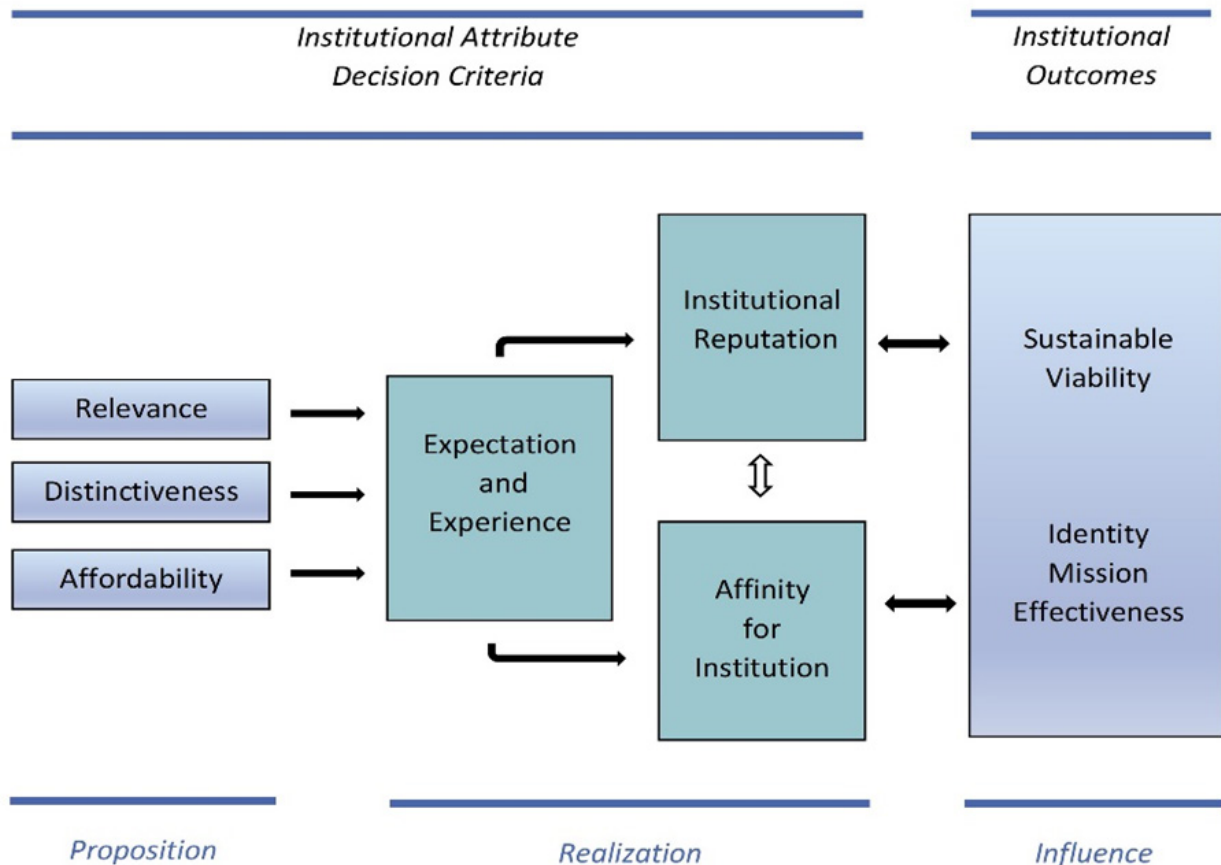


Figure 2. Conceptual Framework for Decision-Making

immediate and multi-generational. Engaging them in conversations, involving them in exploratory phases of decision-making, and being aware of their perceptions and experiences is critical to informed decisions and favorable outcomes.

2. Establish a compelling identity and persuasively communicate it consistently, broadly, and frequently through all stakeholders in a variety of channels to actively advocate for the institutional reputation and its viability.
3. Implement decision-making processes that explicitly link decisions and outcomes with stakeholder perceptions and experiences as they relate to institutional relevance, distinctiveness, and affordability. Favorable outcomes tend to result from good decisions and good decisions are informed by the stakeholders who are influenced by those decisions. Understanding how to align institutional values, mission, identity, and culture with plans, goals, and decisions in a way that resonates with stakeholders and connects them emotionally to the reputation and future influence of the institution is perhaps the single most impactful insight institutional leaders can possess. Achieving institutional relevance, distinctiveness, and affordability among present and future stakeholders is sustainable viability for small, private, nonprofit higher education institutions. See Figure 2: Conceptual Framework for Decision-Making.

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### Review

This article was accepted under the *constructive peer review* option. For further details, see the descriptions at:

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