DECISION MAKING RESPONSE TO DISRUPTIVE INNOVATION: WHAT’S A PLACE LIKE US TO DO?

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ABSTRACT

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This study extends our understanding of decision making by considering the responses of not-for profit organizations facing a potentially disruptive innovation. In particular, the study explored what matters most as business colleges respond to the online education. The study adds to the current body of literature on decision making through the dual lenses of institutional isomorphism and the behavioral theory of the firm. The primary research question was, “What factors are most salient in how a business college responds to the potentially disruptive innovation of online education?” This question is relevant and important to organizational leaders given the current environmental context. Exploring decision making in this way provides both theoretical and practical contributions.

A qualitative multiple-case study explored decision factors at four public university business colleges. Through semi-structured interviews, participants revealed their sense of what mattered most in their institutional decisions. Data were analyzed within the institution and across the college cases, with themes identified using both an inductive and deductive approach. Ten themes emerged that were shared across the cases to varying degrees. Four unique themes, one from each case, also became evident through the analysis.

Four major findings were discovered. First, each institution was unique: in each case one of the most salient themes was relevant only at that college. Second, the findings provide limited support for institutional isomorphism. Third, there was limited support for organizational slack. Lastly, there was limited support for performance – aspiration gap. Additional contributions were also made to our understanding of top management teams and the diffusion of innovation.
Practitioners will benefit from this study by recognizing the impact their institution’s historical, cultural and environmental context has on decision making. As importantly, leaders should seek to understand how institutional stakeholders perceive their “place like us” before implementing a decision strategy. Colleges with lower levels of organizational slack can be expected to place a higher priority on innovative market solutions than those with higher levels. Future studies could extend these findings by considering alternate proxies for organizational slack and performance – aspiration gap, by exploring other disruptive innovations, or expanding the study into other types of not-for-profit institutions.
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CHAPTER 1: Introduction

Higher education is facing myriad forces that are hitting at an unprecedented pace. Today’s university leaders face difficult strategic decisions that are often met with criticism from multiple perspectives. Students, faculty, the business community, legislators, and society at large all have a stake in public higher education; and together, they represent a cornucopia of priorities and concerns. The rising cost of tuition, questions surrounding the value of education, the employability of graduates, and the changing demographics of students are just a few of the many competing challenges faced (D’Ambrosio & Ehrenberg, 2007; Duderstadt, 2000; Graduate Management Admission Council, 2013; Mrig, 2013; Thelin, 2004). New technologies and a global marketplace provide new opportunities for institutional leaders, offering the possibility of lower costs and access to education for an expanded, diverse and dispersed population (Datar, Garvin, & Cullen, 2010; Duderstadt, 2000; Friedman, 2007; Graduate Management Admission Council, 2013). These forces seem to be at odds with each other however, building a tension that may radically redefine higher education in the future (Duderstadt, 2000).

Universities have been sustainable for centuries because of, or perhaps in spite of the decision making processes embedded in their organizational structure and shared governance systems (Altbach, Berdahl, & Gumport, 2005; Duderstadt, 2000). For most not-for-profit universities, this shared governance structure gives faculty a strong voice in academic matters, often leading to a high level of faculty involvement and a need for consensus building. This approach to decision making works reasonably well in a stable environmental context where there is time to encourage support from a broad group of stakeholders (Mintzberg, 1979). Yet, many posit that the current environment has shifted to one which is turbulent and requires bold responses to the issues at large (Duderstadt, 2000; Mrig, 2013).
Effective decision making in the face of this uncertain context is essential to ensuring that institutions leverage their resources and capabilities towards a sustainable future.

Strategic decision making is a critical management function that is not unique to higher education leaders and one that has been the focus of many researchers and practitioners. Over the last several decades, a stream of management research has focused on strategy process and decision making (Brouthers, Brouthers, & Werner, 2000; Ford & Gioia, 2000; Fredrickson, 1984; Hutzschenreuter & Kleindienst, 2006; Langley, Mintzberg, Pitcher, Posada, & Saint-Macary, 1995; Nooraie, 2012; Rajaopalan, Rasheed, & Datta, 1993). Much of this research has been in the context of for-profit firms whose primary goal is to enhance stakeholder financial value. Fewer studies have explored strategic decision making in the context of public entities such as institutions of higher education (Chaffee, 1983; Clarke, 2001; dela Cruz, 2011; Kezar & Eckel, 2000; Kraatz & Zajac, 1996; Neumann, 1987; Toma, 2009). Since higher education’s colleges and universities are complex organizations, with multiple priorities and stakeholders, the strategic decision making process may well take on different characteristics than that of for-profit organizations.

Although there are many issues shaping the future of higher education, responses to online education in particular have been at the crux of several high profile situations. One highly visible example was the University of Virginia, where the Board of Visitors voted suddenly to oust President Teresa Sullivan (Jaschik, 2012). Based on a review of email messages, leaders on the board felt that the university needed to move quickly and seriously into online education (Jaschik, 2012). Sullivan, who was said to have widespread support from students, faculty and the local community, reportedly expressed skepticism about the costs of online education, along with a need to involve faculty in these types of curricular decisions (Jaschik, 2012). She was forced to resign in early June 2012, then
reinstated just 16 days later amidst strong and public criticism of the Board by students, alumni, and faculty (Stripling, 2012; Stripling, Wilson, & Hebel, 2012).

San Jose State University (SJSU) governance also faced significant scrutiny over plans to partner with Udacity and EdX to provide Massive Open Online Course (MOOC) options for students. SJSU president, Mohammad H. Qayoumi, announced in January 2012 that the university would provide online options through external vendors (Lewin & Markoff, 2013). Faculty, however, expressed strong concerns with the decision making process. They voiced their concerns through the formal governance protocol of the Academic Senate, introducing a proposed policy that would prevent the university from contracting to deliver hybrid or online courses without first gaining a majority vote from the tenured and tenure track faculty (Kolowich, 2013). After much public consternation, the SJSU faculty overwhelmingly voted for an outside review of the university’s governance, and Ellen Junn, SJSU’s provost and vice president of academic affairs, resigned (Straumsheim, 2013).

The emergence of online education specifically has been framed as a disruptive innovation that is poised to change the very nature of higher education (Archer, Garrison, & Anderson, 1999; Bleed, 2007; Christensen, Aaron, & Clark, 2003; Christensen & Eyring, 2011). A disruptive innovation is a new approach or product that over time becomes a better alternative, thereby displacing the original market with a new and different one (Christensen, 2011). Considering online education as a possible disruption to higher education as we know it raises a host of questions about how and when university leaders should respond to this largely untested and potentially disruptive opportunity. Recent research exploring strategy and decision making in higher education has indicated that colleges tend to act similarly towards a common aspiration of prestige (Toma, 2009). Yet, in the face of the disruptive innovation of online education, seemingly similar institutions are making diverse decisions on if, how and when to respond.
The choices that higher education leaders make over the next several years, particularly at mid-tier institutions, are expected to have long-term implications for their sustainability (Bennis & O’Toole, 2005; Datar et al., 2010; Duderstadt, 2000; Graduate Management Admission Council, 2013; Mrig, 2013). Gaining a better understanding of what factors influence decision making in university settings, particularly when faced with a potentially disruptive innovation, is critical to ensuring that leaders of the future have the insight they need to respond appropriately.

Purpose of the Study

As stated briefly above, many studies have enhanced our understanding of the decision making process in for-profit companies (Brouthers et al., 2000; Dean & Sharfman, 1996; Eisenhardt & Martin, 2000; Ford & Gioia, 2000; Fredrickson, 1984; Langley et al., 1995). A smaller number of studies have considered decision making in not-for-profit, public organizations (Chaffee, 1983; P. Clark, 2014; dela Cruz, 2011; Kraatz, 1995; Toma, 2009). In addition, there is a need to further study how large not-for-profit organizations including healthcare systems, government organizations and higher education institutions respond to the uncertainty of potentially disruptive innovations. Few studies have explored whether or not there are differences in how organizations approach decision making in the face of a potentially disruptive innovation when they have traditionally existed in a more stable environment. Those researchers that have compared decision making in stable versus dynamic environments have found that differences can be expected across organizational types within for-profit firms (Danneels, 2011; Ketchen, Snow, & Hoover, 2004). Others have found for-profit managers respond heterogeneously, depending on their firms characteristics and context (Sandström, Magnusson, & Jörnmark, 2009). Together, this research provides valuable insight into decision making processes in the for-profit arena, yet leaves room to further consider decision making response in not-for-profit organizations faced with a
potentially disruptive innovation. As stated, large not-for-profit organizations including healthcare systems, government entities and higher education institutions face increasing external forces that cause uncertainty and pressure to respond effectively. Their sustainability requires effective strategies and more empirical research on decision making is needed to extend what we know and better inform practitioners.

Decision making is a complex phenomenon influenced by many internal and external factors. This study contributes new knowledge and adds insight to the existing literature by exploring what thematic factors are most salient in a not-for-profit organization’s response to a potentially disruptive innovation. Specifically, the research question for the study is what factors are most salient in how a business college responds to the potentially disruptive innovation of online education?

Definitions

In setting the context for this study, it is important to define several terms used throughout the work. First, the word strategy is widely used to mean a number of different things in practice. Some consider a strategy to be a formal and written plan; others consider a strategy to be an informal but commonly accepted direction of focus. For this study, I generally used Mintzberg’s definition, defining strategy as a pattern in a stream of decisions (Mintzberg, 1978). This way of defining strategy leaves the potential for discontinuity between the intended strategy (plan) and the realized strategy (what happened). It also places the focus on the decisions and decision making.

Secondly, the term disruptive innovation is used both as a critical element of the context being studied, and as a theoretical lens through which to explore decision making. In keeping with Christensen’s (2011) extensive work in this area, I defined a disruptive innovation as a process, product or service that brings a different value proposition to the marketplace by creating cheaper, simpler, and/or more convenient options for individuals
initially outside the mainstream, which eventually improves to a point in which it disrupts the incumbent market and traditional leaders (Christensen, 2011).

Third, online education is used as the potentially disruptive innovation being studied. There are many ways to define online education, ranging from short video tutorials that supplement learning to full academic degrees completed via the internet. In addition, online education can refer to distance technologies that allow for synchronous connections where participants in different locations come together virtually in real-time or asynchronous interactions where participants interact with each other by posting and communicating virtually without being constrained by time. Finally, the amount of teaching and learning that takes place in a virtual or distance context also can vary from fully online delivery to a hybrid format that combines online delivery with face-to-face coursework and interaction. For the purpose of this study, I defined online education as those programs that are at least 80% online, in accordance with the Sloan Foundation’s definition (“Grade Change,” n.d.). Furthermore, I limited my focus specifically to online graduate degree programs offered through a college of business.

**Background**

The remaining sections of this chapter provide important background and perspective on the significance of the study, along with rationale for the choice of context. The first section provides key insights on strategy process and decision making research, with a focus on research that stems from the behavioral theory of the firm and institutional isomorphism. This is followed by a section that provides a brief history and overview of American universities to shape the context of how their decision making might differ from that of for-profit firms. Next, a brief section provides insight into the concept and relevance of disruptive innovation, as well as rationale for exploring decision making in the context of the potentially disruptive innovation of online education in public business colleges. The chapter concludes
with commentary on the significance of the study and the researcher’s perspective and role in the study.

**Strategy Process and Decision Making**

Good decision making is a vital competency for leaders in both for-profit and not-for-profit organizations. Despite the significance of decision making, one researcher found that half of the decisions made in organizations failed (Nutt, 1999). Based on Nutt’s study of 356 decisions, “these failures can be traced to managers who impose solutions, limit the search for alternatives, and use power to implement their plans” (Nutt, 1999, p. 75). Related research has found that many factors influence decision making in an organization, including the specific situation, previous experiences, peer and competitor actions, top management teams, culture, organizational structure, availability of resources, and time (Bromiley, 2005; Finkelstein, Hambrick, & Cannella, 2008; Gary, 1998; Hiller & Hambrick, 2005; Hitt, Freeman, & Harrison, 2001; March & Shapira, 1987; Salas, Rosen, & DiazGranados, 2010).

Strategy research is a relatively new field of inquiry in management, and the focus on strategy process (as opposed to content) is the less-established genre of the two. In part, this is because of the difficulty in pinpointing the decision making process and in understanding which factors to focus on. Strategy scholars have studied the decision making process in a variety of for-profit settings, but fewer studies have focused on not-for-profit institutional bureaucracies like higher education. Whether or not for-profit firms and not-for-profit bureaucracies follow the same decision making processes is unclear. Like firms, not-for-profit institutions have limited resources that must be leveraged in ways that produce the most impact. Unlike firms, not-for-profit bureaucracies must not only meet financial goals, but also societal expectations. Universities in particular are challenged by the conflicting priorities of providing broad access to education, quality outcomes, and research contributions for society, while getting reduced government funding and holding tuition
increases at bay. These often conflicting priorities add to the complexity of the decision making process in a not-for-profit context.

Scholars have attempted to understand and describe the strategic decision process since the research stream emerged. Two of the foundational approaches used are the optimal or rational approach and the behavioral or bounded rational approach. The rational approach assumes that individuals know all possible options, have a consistent set of decision factors and systematically choose the best solution (Bromiley, 2005). This economics-based approach has been criticized as unrealistic in most situations, because decision makers rarely have the time, energy, or mental capacity to understand and mathematically optimize all available options. Given the constraints of the rational approach, the idea of a bounded rational approach emerged. Bounded rationality assumes that individuals go through a set of routines in making decisions, and that they satisfice by making the decisions that seem best given what they know (Bromiley, 2005). Based on a bounded rational approach, decisions are impacted by many individual and contextual factors including personal biases and previous experiences. The behavioral theory of the firm (Cyert & March, 1963) leverages the thinking of bounded rationality and incorporates the use of heuristics and routines, performance-aspiration gaps which lead to problemistic search, and the idea that organizational slack influences innovation.

The behavioral theory of the firm laid a critical foundation in strategy that has since led to additional research streams which extend and deepen our understanding of its key concepts. Competitive dynamics, for example, extends the initial thinking on performance, peers, and aspirational gaps in the context of organizational slack and resources. Understanding how decision makers respond to competitor actions is another direction for empirical study from this stream (Marcel, Barr, & Duhaime, 2011). Similarly, the questions of when organizations respond and why they do or do not pursue new opportunities have
emerged as additional areas of interest. Each of these relevant streams of research is explored more deeply in the next chapter.

Studies exploring organizational risk-taking and risk-tolerance also grew from the behavioral approach. Risk-tolerance has been found to be influenced by organizational slack and by performance - aspiration gaps in for-profit firms (Bromiley, 1991). Organizational culture, past performance, and previous risk propensity have also been shown to influence how likely a firm is to pursue risky alternatives in the future (Greve, 1998; Wiseman & Bromiley, 1996). Interpreting which moves are most risky can in itself be challenging, particularly in turbulent and or uncertain situations. What we know about risk-tolerance for organizations and for decision makers has been primarily gleaned from studying for-profit firms in both stable and turbulent environments. Additional research is needed to better understand whether risk-tolerance has a similar influence in not-for-profit organizations.

As stated, most of the existing research has focused on for-profit firms and the transfer of these findings to not-for-profit organizations is not well understood. The behavioral theory of the firm provides a launching point for understanding the factors that are most salient in the decision making response in for-profit firms. This approach, along with several of the research streams that emerged from the study of for-profit firms, is expected to provide important insight for this study. The intent of the literature review is not to provide a comprehensive review of strategy process research, but rather to focus on those research streams most relevant to decision making and responses in not-for-profit organizations like public higher education.

**Institutional Isomorphism**

Institutional isomorphism is a second theoretical framework that informed this study. Institutional theory portrays organizations as open systems, impacted by technologies in their environment. Early scholars in this line of research believed that organizations were adaptive
entities of social relationships, that organizational priorities were focused on stability and sustainability for the organization, and that their actions were aligned with the external environment (Selznick, 1948; Thompson, 1967). Later, scholars in this stream of research focused more strongly on isomorphic behaviors, and the impact that isomorphism had on organizational actions and strategies. Perhaps most prominent was the work by DiMaggio and Powell (1983). In their well-cited paper, the authors describe isomorphism in the same vein as Hawley (1968) as a “constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions” (DiMaggio & Powell, 1983, p. 149). They argue that actions and strategies are driven by a focus on political and social legitimacy within a particular field, and that the theory of institutional isomorphism explains increasing homogeneity among organizations within a similar and well-established field. Later scholars further developed this line of inquiry, often rejecting constructs from adaptation theories that focus on what Thompson (1967) referred to as technical environments (customers, suppliers, competitors). In contrast to this research stream, researchers have emphasized the importance of social norms and expectations of stakeholders within the industry as drivers of response (Kraatz & Zajac, 1996). Considering this study through the lens of institutional isomorphism supplements the growing body of knowledge in this research stream.

**Public University Bureaucracies**

To understand the rationale for studying a business college’s response to a potentially disruptive innovation, it is important to understand the history and foundation of America’s higher education system. Colleges and universities have been instilling advanced knowledge for hundreds of years. These time-honored systems have helped shape society through what we have come to know as higher education. Many universities’ organizational structures, governance practices, cultures – even the very buildings – evoke a sense of historical
significance and convey a conservative and stable higher education environment. Indeed the checks and balances that form the university systems have worked together to sustain American higher education much like a slowly evolving organism (Morgan, 2006). Furthermore, and despite the longevity of the university institution, it has been argued that American university systems are among the least businesslike and well managed of all organizations (Birnbaum, 1988). Although the university system has transitioned, change has been slow, reactionary and incremental (Duderstadt, 2000).

The earliest institutions in the United States were created to instill values, a sense of responsibility, and knowledge to the societal elite so that they would become fine Christian gentleman (Thelin, 2004). Early colleges were often affiliated with, and funded by, a religious group who provided a narrowly focused curriculum that trained church leaders (Altbach, Gumport, & Johnstone, 2001). In the early nineteenth century, higher education began to expand beyond the elite classes into the middle class while maintaining a focus on liberal education and Christian values (Altbach et al., 2001; Thelin, 2004). After the Civil War, the Morill Act of 1862 provided a means to create state universities responsible for serving a broader population and focusing on applied research to support emerging industries and agriculture (Altbach et al., 2001). Near the turn of the 20th century, many American universities expanded to include professional schools that focused on business, education, engineering and other practical fields deemed important to meeting the changing needs of society (Altbach et al., 2005).

From the beginning, American college systems have been a complex hybrid of their predecessors in England and Scotland (Thelin, 2004). Forefathers sought to overcome the all-powerful faculty at English universities where scholars rotated authority amongst themselves. American colleges looked to Scotland’s universities instead, and created external governing boards with appointed administrators. Designing American colleges in this way stripped full
authority from the faculty and set into motion a series of checks and balances that can be felt today. “One could argue that the creation and refinement of this structure – the external board combined with a strong college president – is a legacy of the colonial colleges that has defined and shaped higher education in the United States to this day” (Thelin, 2004, p. 12).

Today, most large research intensive universities maintain a balance between the administrative staff and the academic faculty in terms of strategic decisions. The faculty takes a primary role in academic decisions and the administration addresses those issues related to effectively managing the institution.

In essence, a university system is often considered a prime example of a professional bureaucracy. According to Mintzberg (Mintzberg, 1979) professional bureaucracies are comprised of highly educated individuals with a high level of personal expertise and autonomy. In a professional bureaucracy, individual experts form the majority of the staff and have a high level of influence in the organization. Mintzberg (1979) also indicates that a bureaucratic structure is generally complex and stable. This infrastructure and corresponding governance system accurately depict the type of long-term, slow transitioning that is indicative of the American university. In terms of structure, professional bureaucracies leverage the power of their individual contributors’ expertise. In the case of a public university, these contributors (the faculty) relish their autonomy, their commitment to their discipline, and their ability to define and directly impact their work. Responding quickly to new opportunities can be difficult for an institution in this environment, particularly if the professionals that comprise the primary work force see change as a distraction from their core work (Bolman & Deal, 2008). Tension between administration and faculty often exists when faculty feel their expertise is questioned or their autonomy is threatened.

When decisions clearly lie under the auspice of either faculty or administration, and when the environment is stable such that decision making responses can be slow and
deliberate, the bureaucratic decision making process in universities can work to produce
decisions widely accepted within the institution. Through this deliberate, collaborative
process, public universities have conservatively evolved while maintaining the core academic
systems, organizational structures, and primary curricular focus that has existed for well over
100 years (Altbach et al., 2001). By design, this university governance allows time and space
for thorough and critical discourse amongst stakeholders; resulting in an inclusive,
democratic, albeit often time-consuming process. The system also protects public higher
education from individual, radical choices that could alter the future of the institution.

One challenge for university decision makers today is that the future relevance of this
historical stability is in question. Many of the forces impacting higher education hit at an
interesting cross-section of academic and administrative responsibility. Accountability for
learning outcomes and return on academic investment, for example are public concerns that
play out in the media and in decisions made on campus. Technology and other potential
disruptions to the status quo present new, unproven opportunities and risks, further blurring
the line of distinction between academic and administrative decisions.

Business colleges, perhaps more than others in the university, face pressure to provide
a high-quality, relevant and applied education for a broad population of students who are
expected to use this business knowledge to contribute to the business community and the
world’s economy. They are often competitive and highly responsive to market pressures
much like the business environment that they seek to educate and serve. It is widely expected
that knowledge and skills gained through a business degree will lead to individual
contributions to economic growth, often through for-profit firms. Competition amongst
business colleges is intense, as is the volume of global choices available for a graduate
degree. Rankings have become an important means of evaluating business colleges, due in
part to increased global competition for top students. Sophisticated marketing tactics and
market-driven forces contribute to the cost of a business education. These market forces, common in for-profit businesses, now impact business schools as well. Additionally, faculty and administrators in business colleges work closely with industry, gaining insights and creating knowledge to support business enterprises in a variety of ways. Because of the many connections between for-profit corporations and business colleges, business colleges’ decision making processes are expected to be more closely aligned with the for-profit sector than other colleges.

Many forces are at play in not-for-profit decision making, and public business colleges are no exception. Institutional decision makers are increasingly challenged to manage the structural and cultural demands of their professional bureaucracy and the external factors shaping their environment. Determining the best course of action is further complicated by the need for strategic decisions to be made in the face of potentially disruptive innovations like online education, where there is a high degree of ambiguity and uncertainty. Providing additional insights on how decisions are made will help enlighten the strategy field and those involved in decision making.

**Disruptive Innovation**

The term disruptive innovation is relatively new, having been coined by Clayton Christensen in 1997 based on research that focused on how good companies failed. In his initial work, Christensen examined the quick rise and fall of the disk drive industry, suggesting that it is the competency of good managers in successful businesses that logically leads them to not pursue disruptive innovations (Christensen, 2011). A disruptive innovation is a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing established competitors (Christensen, n.d.). Christensen makes a distinction between sustaining innovations that improve the performance of established products and disruptive innovations...
that initially underperform based on mainstream customer expectations (Christensen, 2011). Therefore, a disruptive innovation is a product (or service) that changes the way consumers behave such that their initial needs are met in new ways. One example of disruptive innovation is the digital camera, which disrupted the film-based camera industry. A second perspective on disruptive innovation is as a conceptual way of understanding a substantial change in consumer needs and how they satisfy these needs. It is important to also note that a disruptive innovation is not generally an abrupt shift in the market, but a process that occurs over time (Christensen & Raynor, 2003).

Studies have shown that often traditional market leaders either do not recognize the pending disruption or discount the significance of the new alternative because it is unattractive to the primary, dominant market (Christensen, 2011; Christensen, Horn, & Johnson, 2008). Consequently, it is common for new entrants outside the dominant establishment to embark on these untried opportunities in an attempt to attract and exploit a new market.

Since Christensen first introduced disruptive innovation, many other researchers have explored the ideas of disruptive innovation in a variety of contexts (G. Clark & Bower, 2002; DiSalvio, 2012; Lettice & Thomond, 2008; Sandström et al., 2009; Schmidt & Druehl, 2008). When considering decisions from either the rational or the behavioral approach to decision making discussed earlier, good managers would choose to sustain and improve their offerings based on current customer needs, rather than disrupt their existing business by venturing into new, less profitable, smaller markets. This approach to decision making is focused on existing markets but does not take into consideration the potential for market disruption. As a result, most for-profit firms that are market leaders overlook or resist disruptive innovations, leaving room for new entrants. Determining which innovations will disrupt, the ideal time to
embark on a disruption, and how to go about managing the disruption are significant challenges that incumbent business leaders face.

It is important to note that scholars debate the generalizability of disruptive innovation as a theory. Markides (2006) argues that the original work was relevant to disruptive technologies, but that it cannot be applied to a broad spectrum of innovations or industries. He suggests that multiple types of innovations exist and that they require different approaches (Markides, 2006). Others argue that the term disruptive innovation itself is yet to be accurately defined (Danneels, 2004). Given the concerns voiced, more research is needed in this area; yet the concept of disruptive innovation is a relevant lens to use in exploring the phenomenon of online learning in higher education. Additional insights and studies that explore disruptive innovation and management response are detailed in the literature review of this study.

Some have suggested that a similar phenomenon of disruptive innovation is impacting higher education in the form of online education. The earliest adopters of online course and program delivery were new for-profit universities (Horn, 2009) that introduced online courses and programs as a way to capture non-traditional students who were otherwise unable to access traditional higher education based on time or location restraints. Jones International University, for example, was the first fully online university to be accredited (Crotty, 2012), earning their accreditation through North Central Association in 1999. Recent data show for-profit institutions have by far the largest enrollments of degree-granting universities. University of Phoenix – Online Campus tops the list with 307,965 enrollments and Kaplan University is a distant second with 77,966 (“NCES Fast Facts Tool,” n.d., U.S. Department of Education, National Center for Education Statistics, 2012). Public universities lag far behind in the number of online enrollments. Penn State was one of the first public universities to offer online degrees, doing so through their World Campus. Their online enrollments
continue to grow aggressively, and Penn State World Campus’ online enrollment in 2013 was up 9% over the previous year for a total fall enrollment of 13,287 (“World Campus drives Penn State enrollment to all-time high | Penn State | CentreDaily.com,” n.d.). Despite the online enrollment growth at both for-profit and not-for-profit institutions, most top-ranked schools have not elected to venture into online education.

As indicated earlier, online education is not the only force that is changing the context of higher education, however, it is a particularly significant one. In fall 2012, 69% of chief academic officers reported that online education was a critical component of their institution’s long-term strategy (Allen & Seaman, 2013). MOOCs have recently been in the spotlight as a potential opportunity to provide cost-effective, convenient access to populations that otherwise could not attend college. From the same report we find that only 2.6% of responding institutions currently have a MOOC, and most institutional leaders (55.4%) indicated that they were still undecided about the MOOC model (Allen & Seaman, 2013). Completion rates for online courses were recently found to be only 4% (“Penn GSE Study Shows MOOCs Have Relatively Few Active Users, With Only a Few Persisting to Course End|Penn GSE Press Room,” 2013). Despite this, 77% of chief academic officers who responded believe that online education learning outcomes are “as good or better” than face-to-face courses (Allen & Seaman, 2013). Most leaders say they are pursuing online education as a means to get new students and expand their extension efforts (Schiffman, Vignare, & Geith, 2007).

Deciding how to respond to new opportunities is a primary consideration for many institutional leaders. The complex environment and the changes in technology make it difficult to know what factors are most salient in making decisions. There does not seem to be a consistent, clear set of decision factors, and colleges have responded in diverse ways. One might expect that within a university system, business colleges would be the most likely
to follow a consistent, comprehensive and rational approach in shaping their response, given their close connection to industry and responsiveness to the external market place. For these reasons, better understanding business colleges’ response to potential disruptions in the market is expected to have implications that can inform both research and practice.

Furthermore, institutional isomorphism would suggest that business college decisions follow a similar precedence when responding to the same phenomenon. In fact, business colleges have responded quite differently to the same potential disruption and little is known about the factors that influence those disparate decisions. Some business colleges were early adopters of online education, while others opted not to pursue online degrees; some invested heavily into their own infrastructure, while others formed partnerships that limited their risk and investment. In summary, many different responses to the potentially disruptive innovation of online education have emerged from business colleges faced with a seemingly similar decision path. Exploring institutional decision making in the specific context of business colleges will help extend or modify the existing firm-based findings of the behavioral theory of the firm, as well as enhance our understanding of the effects of institutional isomorphism.

**Significance**

Understanding what influences how institutions respond to a potentially disruptive innovation is vital to ensuring the sustainability of professional bureaucracies like public universities. Technology is only one of many potentially disruptive forces that could radically change the higher education industry. As college leaders face possible disruptions, strategic choices must be made regarding which initiatives should be pursued, how quickly their institution should respond, and what type of response is optimal. Answers to questions regarding the potentially disruptive innovation of online education provide important foundational knowledge to help institutional leaders respond to future potential disruptions. Decision making in complex, not-for-profits organizations is complicated, and understanding
the factors that are most salient to the decision making process is vital to improving future decisions.

This study leverages existing strategic decision making literature on firms and the limited information that exists on not-for-profit institutions in an attempt to expand our understanding of decision making in the underexplored context of institutional response to a potentially disruptive innovation. It uses a multiple-case study methodology to explore what influences a business college’s response to the potentially disruptive innovation of online education. Four different college cases were selected and explored in detail. Particular attention was given to understanding the similarities or differences in factors and response. The results extend what we know about decision making in the context of a potentially disruptive innovation in a not-for-profit organization like a public university business college, and inform those involved in future decisions.

**Researcher’s Perspective**

I chose to focus on this area of research because I have a strong interest in understanding strategic decision making in the higher education context, and because I believe that the decisions institutional leaders make in the coming years will shape the future of the industry. Educational institutions in general are striving to broaden access and improve outcomes, despite increasing costs, and declining governmental funding (Altbach et al., 2005; Bok, 2007; Christensen, Horn, Caldera, & Soares, 2011; D’Ambrosio & Ehrenberg, 2007; Duderstadt, 2000). Business colleges in particular are an excellent starting point for considering appropriate responses to the marketplace. New potential initiatives abound and higher education leaders must make good choices about which of these to pursue and which to forego. Online education may be the first potentially disruptive innovation for public higher education, but it is not likely to be the last.
CHAPTER 2: Literature Review

We are in the midst of a potentially disruptive innovation and accordingly, higher education leaders are faced with strategic decisions of how to respond. Disruptive innovations like online education may have the capacity to change the nature of higher education, yet there is not a clear understanding of what factors most heavily influence response decisions. Given the high stakes, it is necessary to better understand institutional factors that are most relevant to these decisions. Understanding what factors are most salient in determining how to respond to a potentially disruptive innovation is important in that it extends what we know about decision making and provides practical benefits to institutional leaders.

Many researchers (Brouthers et al., 2000; Dean & Sharfman, 1996; Ford & Gioia, 2000; Fredrickson, 1984; Langley et al., 1995) have empirically explored decision making in for-profit firms, seeking to understand both the content and the process used. Few, however, have explored decision making in not-for-profit organizations. Recent studies have explored disruptive innovations’ impact on organizations, but little empirical work has considered the response to disruptive innovation in a not-for-profit context. This study seeks to bridge the existing gap and provide key insights into decision making in not-for-profit institutions faced with a potentially disruptive innovation. Specifically, the study answers the research question of what factors are most salient in how a business college responds to the potentially disruptive innovation of online education.

Decision making response in for-profit firms has been empirically studied in light of the behavioral view of the firm, which laid the groundwork for a bounded rational approach to decision making (Cyert & March, 1963). Several research streams emerged from this preeminent work to further explore the concepts embedded in the behavioral theory of the
firm including risk-taking propensity, performance-aspiration gaps leading to problemistic search, and organizational slack. This literature is explored in detail for the current study.

In addition, educational researchers have explored institutional strategy, considering the particular nuances relevant to a not-for-profit professional bureaucracy like a university. In particular, isomorphism has been used to describe institutional choices for strategic decisions (Claeye & Jackson, 2012; Hambrick, Finkelstein, Cho, & Jackson, 2005). This area of inquiry is also reviewed in the following sections. Although both fields have sought to understand strategic decision making, their research streams have rarely been combined to provide a rich, dual lens through which to better understand decision making responses.

The literature review for this study provides key insights from both for-profit business strategy and not-for-profit institutional strategy work, considering similarities and discrepancies that arise when viewing an organization’s response through this dual lens. In addition, the concept of disruptive innovation is considered to provide key insights into the significance of this particular context. The intent is to provide a broad picture of what we currently know about decision making in both for-profit and not-for-profit organizational contexts, and from there to narrow the theoretical lenses to those streams of decision making research that seem most relevant to understanding a college’s response to a potentially disruptive innovation.

The literature review chapter for this study begins with an overview of business strategy, focusing on the behavioral theory of the firm to provide a foundation, before moving to a more specific focus on the stream of research related to problemistic search as a response to performance – aspiration gaps and organizational slack. A brief section on risk-propensity and the impact of turbulent or stable environments on response timing follows. Next, the chapter continues with key research from the field of not-for-profit strategy, and in particular institutional isomorphism. Finally, a brief overview of disruptive innovation helps to provide
an understanding of why this particular context deserves attention. These theoretical frameworks provide interesting and diverse relevance to understanding the factors that influence a college’s response to a potentially disruptive innovation, and provide a solid foundation from which to consider the question at hand. As mentioned, the majority of empirical business strategy and decision making research has focused on for-profit firms. Whether these findings apply to complex, not-for-profit institutions like colleges is of particular interest, and so extensive efforts will go into identifying and critically reviewing previous research from this perspective.

**Behavioral Theory of the Firm**

A behavioral theory of the firm is foundational to our current understanding of strategy in that it diverges from the economic, rational perspective, recognizing that decision makers cannot know everything such that they can make fully rational decisions. Its fundamental ideas include the use of bounded rationality, heuristics and patterns for operating, organizational slack, and problemistic search in response to performance-aspiration gaps (Cyert & March, 1963). The initial work spurred diverse streams of research that extended our understanding of these concepts in a variety of ways. A thorough review of each of these concepts and the research streams that have emerged from behavioral theory of the firm is too extensive for this study. It is important, however, to be able to position the current study within what we know already about these concepts and so a brief overview of bounded rationality and heuristics follows before moving into a more extensive literature review of extensions from the constructs of problemistic search in response to a performance-aspiration gap and organizational slack. Finally, the related ideas of risk-propensity and decision timing will be briefly addressed.

The idea of rationality assumes that decision makers choose the best option from all possible alternatives using a consistent, unconstrained process (Bromiley, 2005). Bounded
rationality emerged from the acknowledgement that it is impossible for decision makers to be fully rational and that rather, decision makers will adopt routines for gathering information and then satisfice, accepting the first good enough alternative. From this viewpoint, decision makers develop a standard heuristic for searching for alternatives until they find an option that meets their identified needs. Often, decision makers recognize that a better option may exist if they were to continue searching for solutions, yet they satisfice so that they can move forward. This approach to decision making is common and effective, particularly for simple and routine decisions. It can, however, be problematic when organizations are faced with uncertain choices that do not fit within their established norms of consideration.

**Performance - Aspiration Gap leading to Problemistic Search**

Based on the behavioral theory of the firm, the idea of problemistic search informs thinking about organizational reactions to underperformance, and indicates that organizational aspirations change based on historical performance and performance of peer organizations (Cyert & March, 1963). The premise is that when organizational performance falls below the aspirational level, a performance - aspiration gap exists and a search for solutions to improve performance will begin. Aspirational levels come from both the organization’s own past performance and from the performance of peer organizations (Bromiley, 2005; Greve, 1998). Managers, recognizing that performance is below their desired state, work to identify opportunities to resolve problems associated with the performance discrepancy. Often satisficing comes into play in the search process, and organizations commonly spend little time considering alternatives once an acceptable solution to reducing the aspirational gap is identified (Alexander, 1979; Bromiley, 2005).

Several studies have empirically studied responses to aspirational gaps. One such response is to increase research and development (Greve, 2003) in an effort to improve future firm performance. The extent of a firm’s reaction to falling below aspirational levels depends
on how far below aspiration and on how close to bankruptcy the firm is because managerial
attention shifts from performance aspiration to survival when they are close to failure (March
& Shapira, 1992). Other studies found that the performance - aspiration gap described in the
behavioral theory can help explain timing of acquisitions (Iyer & Miller, 2008). Specifically,
when firms have a positive attainment discrepancy with performance higher than aspiration,
they are less likely to search for new opportunities and when they have a negative attainment
discrepancy, they are more likely to engage in problematic search (Iyer & Miller, 2008).
Similarly, the performance - aspiration gap was tested in the sports industry where it was
found that firm performance relative to aspirations is negatively related to divestment of
resources (Moliterno & Wiersema, 2007).

The concept of problemistic search in response to a performance - aspiration gap
seems likely to relate to response decisions in not-for-profit organizations as well, where
rankings provide a visible and public interpretation of both past and peer performance.
Particularly in business colleges, rankings provide a reasonably clear and measurable way for
organizations and stakeholders to compare peer institutions, and for this reason, rankings are
often a significant means for externally assessing performance vis-a-vis peer institutions. In
addition to rankings, public universities tend to consider institutions in their same athletic
conference or region as peers, monitoring performance, programs, and other moves in
comparison to their own.

Previous studies have explored the role of peers in the performance - aspiration gap to
consider social aspirations in for-profit firms. In this vein, Greve (1998) found that the
probability of response decreases when performance relative to social aspiration level
increases. A logical assumption is that as performance increases compared to social aspirant
peers, the likelihood of innovation would decrease, and that if social aspirant peers innovate,
organizations whose performance was below these peers would strive to innovate in similar ways.

**Organizational Slack**

Organizational slack or slack resources refers to excess resources and/or capacity that are not essential for the base operation of an organization (Bromiley, 2005; Cyert & March, 1963). Organizational slack can refer to capabilities, financial reserves, research, or other resources important, yet not essential to sustaining the organization. Initially, Cyert and March (Cyert & March, 1963) suggested that increased or higher levels of slack resources would increase innovation. Later work suggests a U-shaped relationship between slack and innovation, such that excess amounts of slack decrease the attention needed to innovate successfully (Nohria & Gulati, 1996). Abundant organizational slack has been shown to increase the likelihood of acquisitions (Iyer & Miller, 2008). Slack has also been found to relate to research and development intensity, such that as organizational slack increases so does R&D intensity (Greve, 2003). These findings infer that when organizations have excess capacity, they have greater opportunities for experimentation. Similarly, low levels of slack have been found to deter or constrain new deployment of resources (Ferrier, 2001; Fombrum & Ginsberg, 1990).

Similarly, a resource-based view of the firm suggests that sustainable advantage for firms can only be achieved with scarce, valuable and inimitable and non-substitutable resources (Barney, 1991; Kraatz & Zajac, 2001; Miller & Shamsie, 1996). Studies have empirically explored this view in a variety of firm contexts. Most relevant to the current study is one that looked at the effect of organizational resources on strategic change (Kraatz & Zajac, 2001), considering how resource differences impact organizational propensity for change. Using liberal arts colleges and their historical endowments as the context, Kraatz and Zajac (2001) proposed that organizations with greater endowments would have a lower
propensity for strategic change. Also, organizations with a high level of organizational slack resources were suggested to be less likely to respond to environmental threats because their resources buffer their sense of urgency and or uncertainty (Kraatz & Zajac, 2001). They found that slack resources made organizations less prone to changing strategies, and suggest that further research should acknowledge that additional investigation into the role of resource endowments is needed.

Empirical evidence also suggests that well-established, top organizations will not take advantage of new, disruptive opportunities (Christensen, 2011). Conversely, organizations with minimal slack resources will be motivated to increase slack by innovating in low investment alternatives in the hopes of generating additional resources.

**Risk Propensity**

Another key aspect of decision making related to response is the organization’s risk propensity. Risk reflects the variation in potential outcomes, their value, and their likelihood (March & Shapira, 1987). Inherent to this description is the idea that individuals and organizations will consider risk differently, based on a variety of factors including past experiences, culture and how situations are framed (March & Shapira, 1987). Key studies have worked to develop risk models (Wiseman & Bromiley, 1996) to aid in understanding how businesses respond to opportunities. Some scholars have argued that low performing organizations take more risks (Bromiley, 1991; Hambrick & D’Aveni, 1988) while others argue that struggling organizations reduce their risky activity (Cameron, 1983; Cameron, Kim, & Whetten, 1987). More specifically, Bromiley (1991) sought to better understand firm responses in relation to slack, finding that expectations of performance positively influence risk and that a lack of organizational slack drives risk taking. In an effort to resolve these conflicts, Wiseman and Bromiley (1996) examined declining firms and developed a model that seeks to empirically test the variables of the behavioral theory of the firm. Their results
suggest that both organizational decline and potential slack positively influence risk, while a performance – aspiration gap negatively influences risk propensity (Wiseman & Bromiley, 1996).

**Turbulence/Stability Response Timing**

Response timing is perhaps closely related to the ideas of performance – aspiration gap and risk-taking. In one example, an empirical study explored early advantage versus bandwagon responses in the context of firm acquisitions (McNamara, Halebian, & Dykes, 2008). The authors found that performance outcomes were higher for early advantage movers, and lower for those who chose to enter a market as it peaked. Their findings indicate that characteristics of the firms and the industry also influence the outcomes. Additional research is needed to understand timing implications in other contexts, including public institutions.

The behavioral theory of the firm perspective suggests that a search is initiated as a result of a recognized problem, yet disruptive innovations are not typically recognized as a problem. Consequently, whether or not the ideas of problemistic search are applicable when an organization is faced with a decision about response to a disruptive innovation is not clear.

**Summary**

As has been shown, many researchers have worked to empirically test aspects of the behavioral theory of the firm in a variety of firm contexts (Bromiley, 1991; Ferrier, 2001; Greve, 1998; Hambrick & D’Aveni, 1988; Iyer & Miller, 2008; McNamara & Bromiley, 1999; Nohria & Gulati, 1996; Wiseman & Bromiley, 1996) yet to date there has been little, if any, empirical testing of these ideas in not-for-profit institutions. The empirical evidence that has explored key behavioral theory of the firm concepts of risk-taking and problemistic search predicts that as organizational performance falls below aspirational levels, a search for
solutions will ensue. Understanding if and how these decision making responses apply to public institutions is an important way to extend the strategy literature.

**Institutionalism and Isomorphism**

In addition to the strategy research in business literature, educational researchers have examined strategic decision making in professional bureaucracies like universities (Afifi, 1984; Begicevic, Divjak, & Hunjak, 2010; Kezar & Eckel, 2000; Kraatz, 1994; Maassen & Potman, 1990). Scholars have found that business strategy processes do not necessarily fit not-for-profit institutions like university contexts, in part because their organizational goals are multi-faceted and their governance systems provide mid-level management (faculty) with a strong voice in strategic decisions. Despite challenges of incorporating strategic decision making, not-for-profit institutions continue to use strategic planning as a way to help chart their future, given uncertainties in the environment (Schmidtlein & Milton, 1990).

**Foundations of Institutionalism**

It is important for this study to have a brief overview of the early thinking and how ideas of institutionalism have evolved. Generally speaking, institutional scholars rejected the idea of organizations as closed systems and instead focused on the significance of connections between organizations and their environment. Institutional theory (Selznick, 1957) predates the behavioral theory of the firm but has connections to the ideas of bounded rationality and risk avoidance, as well as an acknowledgement of the influence of aspirational peers on organizational responses (Argote & Greve, 2007). Early roots of institutional theory posited three primary ideas: that organizations were adaptive structures comprised of interconnected networks of individuals; that they considered organizational goals and strategies in relation to needs for self-preservation; and that there is an external frame of reference through which organizations determine appropriate and legitimate actions (Selznick, 1948). Thompson (1967) argued that organizations adapt their strategies and
structures to maintain alignment with the technologies in the environment. This “old” institutionalism views organizations as continually adapting to the environmental context (Kraatz & Zajac, 1996; Selznick, 1948; Thompson, 1967).

Other early scholars argued that the existing theories’ focus on coordination and control failed to account for the differences between the formal and informal organizational structure (Meyer & Rowan, 1977). Furthermore, Meyer and Rowan (1977) suggest that organizations reflect their environment, becoming less distinct as an organization and more a part of a greater institutional context. Whereas Thompson (1967) argued that organizations adapt based on the technological changes in their environment, neo-institutionalism or new institutionalism, rejects the ideas of adaptation, stressing instead the isomorphic pressures to be consistent with their organizational field to maintain stability and legitimacy. New institutionalism “regards organizational change as highly constrained; once an organizational field has been established; whatever change does occur will be towards greater conformity” (Kraatz & Zajac, 1996, p. 814). DiMaggio and Powell (1983) made early contributions to the field, greatly increasing our understanding of isomorphism and describing the phenomenon as processes that cause organizations within the same industry or field to become similar, even when these actions are not related to efficiency or effectiveness (Bolman & Deal, 2008).

**Isomorphism**

Isomorphism was initially defined as a process that constrains units of a population to resemble other units in the same environmental context (Hawley, 1968). This thinking was later expanded to describe three mechanisms of institutional isomorphism: coercive; mimetic; and normative (DiMaggio & Powell, 1983). Coercive isomorphism stems from political pressure to conform. These pressures can come in the form of authoritative mandates, as in the case of legislation, or informal norms within the field that influence legitimacy. Mimetic isomorphism is represented by imitation or modelling as a response to uncertainty. When
organizations face uncertainty and/or have ambiguous goals, they tend to embark on a problemistic search for a good enough solution and often mimic aspirant peers. Normative isomorphism is a third form, stemming from professionalism, as in members of the field working to define and legitimize their field. Institutional isomorphism, therefore, is focused on the image and status of the organization in relation to peers and less focused on the effectiveness or efficiencies of intended strategies: “Each of the institutional isomorphic processes can be expected to proceed in the absence of evidence that they increase internal organizational efficiency” (DiMaggio & Powell, 1983, p. 153).

Institutional theory has been applied to educational institutions to help explain how organizational programs, policies, norms and cultures come together to create a model of organizational norms within a system (Scott, 2005). There is also recognition that there is no one size fits all way to apply institutional theory to all organizations; the very nature of the theory demonstrates the complex and varied nature of institutions. Neo-institutionalists suggest that not-for-profit educational institutions are judged more by the legitimacy of their actions in relation to peers than by their outcomes (Davis & Powell, 1992).

As has been shown, organizational scholars have worked to refine and extend our knowledge of institutional isomorphism, empirically studying the constructs across a wide array of institutions. Some specifically considered the construct in higher education settings, including one instance where researchers considered publication productivity through the lenses of institutional isomorphism, finding support for this perspective (Dey, Milem, & Berger, 1997). A comparison of isomorphism across for-profit, non-profit and government institutions found that government and publically funded institutions were more prone to isomorphic forces (Frumkin & Galaskiewicz, 2004). On the other hand, a recent study found that early work on isomorphism (DiMaggio & Powell, 1983) failed to consider major societal trends that cause isomorphic forces to diminish, resulting in increased heterogeneity in firms
(Hambrick et al., 2005). Similarly, a study that considered isomorphism as a way to describe non-profit organizations in Africa found that institutional isomorphism influences management choices, but does not adequately explain differences (Claeye & Jackson, 2012).

**Institutional Isomorphism in Higher Education**

More specific to the current study are studies within the context of higher education that have considered institutional isomorphism. One such study found that reputational rankings may limit managerial discretion when making strategic choices, leading to high isomorphism in ranked organizations (Martins, 1997). Another qualitative study examined European business schools and their response to international rankings and found support for isomorphism in international business schools, yet acknowledged differences within the ranked organizations (Wedlin, 2007).

Perhaps most relevant is the extensive work by Kraatz and colleagues, who explored strategic change through the context of liberal arts colleges. An early study empirically examined strategic responses to environmental change, as well as the predictors of this change and the corresponding outcomes (Zajac & Kraatz, 1993). The findings suggest that not-for-profit organizations face similar pressure to restructure based on environmental conditions, plus significant counter-pressures to inhibit restructuring (Zajac & Kraatz, 1993). Furthermore, the authors found that organizational factors such as financial constraints can both promote and restrain organizational ability to restructure. Results of their longitudinal study of liberal arts colleges and responses to environmental change concludes that not-for-profit organizations do change, despite isomorphic pressures and that those undergoing financial distress are more likely to change, despite limitations (Zajac & Kraatz, 1993).

In a later study, Kraatz and Zajac (1996) found that liberal arts colleges responded based on technological and environmental (consumer) demands rather than according to the organizational field norms, providing additional support for adaptive strategies and
opposition to the ideas of neo-institutionalism. Additionally, this later study suggests that over time, liberal arts colleges become less similar and do not generally imitate their aspirational peers. Their longitudinal study failed to support neo-institutionalism as an explanation for organizational behavior or performance, and they found that “most colleges did not imitate the highest-status colleges of their field, but rather became increasingly dissimilar to these colleges” (Kraatz & Zajac, 1996, p. 831).

In addition to the work on institutional isomorphism, other scholars empirically examined higher education decision making in a variety of approaches. For example, one study explored the feasibility of funding prioritization decisions using Analytic Network Process, a multi-criteria methodology for decision making, as a potential framework that can reduce bias and ambiguity in higher education decisions (Begicevic et al., 2010). The methodology factors in benefits, costs and risks for multiple cluster dimensions including strategic, economic, social and risk in an attempt to weight decision alternatives and standardize the decision process (Begicevic et al., 2010). Another recent study specific to community college leaders’ decision making found eight different themes at play: environmental scanning; the role of pre-existing relationships; prior knowledge; personal/professional experience; relationship to values; pre-existing structures; challenges; and post decision making issues (Dixon, 2008). This broad set of themes provides insight into decision making, yet does little to enhance our current knowledge of the factors that matter most when not-for-profit institutional leaders make strategic decisions.

Taken together the existing literature provides conflicting support for institutional isomorphism as a useful way of understanding institutional responses to potential opportunities, and does not fully describe how organizations respond or the factors that influence response. Furthermore, the current literature fails to explain differences in how similar institutions respond. Exploring institutional response to decision making through the
lens of isomorphism can extend our understanding of isomorphic forces in relation to institutional responses.

Also relevant to the theory of institutional isomorphism are later works by Kraatz (1995, 1998) that consider inter-organizational networks and their relationship to adopting new initiatives. Kraatz (1998) unexpectedly found that size and prestige of early adopter peers did not lead to imitative responses, even when they were geographically proximate.

**Disruptive Innovation**

Before moving from the literature review, it is important to have a deeper grasp of the concept of disruptive innovation and its use in the study. As stated previously, disruptive innovation is a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing established competitors (Christensen, n.d.). Potentially disruptive innovation can be considered to be either a noun, as in the case of online education, or a phenomenon, as in a way of seeing how online education can potentially alter the way we define higher education. This latter perspective has gained a strong following among practitioners interested in a deeper understanding of innovation in the higher education industry. In the for-profit world, large incumbent firms have been found to lead sustaining technologies, but they consistently lag behind with disruptive innovations, due in large part to the fact that their managers rationally choose not to take risks in small, unproven initiatives (Christensen & Overdorf, 2000). Similarly, disruptive innovations have been suggested to hurt successful, well-established firms, while providing opportunities for smaller, less established and more nimble firms to exploit their resources in new ways (Christensen & Overdorf, 2000). As a result, it is reasonable to suggest that top organizations are less likely to embark on disruptive innovation unless or until they find that the innovation threatens to displace the existing market.
Researchers have empirically studied the ideas of disruptive innovation in recent years. Conceptual models have been developed to better understand the factors that inhibit disruptive innovations in firms (Assink, 2006). Others challenged that Christensen’s approach assumes heterogeneity among industries (Madjdi & Hüsig, 2011; Sandström et al., 2009). For example, one study explored the response by a mid-sized, established firm in the camera industry and found that this small firm’s size and strategy affected its response. Specifically, the lack of slack resources was found to be a strong contributing force, and the owners’ unwillingness to make long-term investments, coupled with the changes in ownership for the firm did not allow the organization to have the strategic focus to respond sooner (Sandström et al., 2009).

Large, not-for-profit public organizations like universities in a stable environment can be expected to respond in ways that are similar to that of well-established firms due in part to their bureaucratic organizational structure. Their responses to the potentially disruptive innovation of online education, however, have been heterogeneous. One author’s case study suggests that universities can follow Christensen’s recommendations for adopting disruptive innovations, while acknowledging that how to do so will likely vary across institutions (Archer et al., 1999). Another study described the disruptive innovation of online education in terms of the potential for “unbundling” higher education, and thereby creating a new, simpler, less expensive alternative to degrees which may eventually disrupt education as we know it (Anderson & McGreal, 2012). These concepts and questions are shaping a new environmental context for decision makers in higher education – one that requires institutional leaders to respond in the face of uncertainty.

For the purpose of this study, the concept of disruptive innovation will be used as a key element of the context under exploration. Very little is known about how institutional leaders respond to a potentially disruptive innovation. Understanding what factors are most
salient to how a college responds in this rich, underexplored context will produce important insights that can inform future decisions.

Conclusion

This literature review provided an overview of relevant theory and key studies related to strategic decision making. Specifically, it gave an overview of the foundational behavioral theory of the firm focusing on the concept of problemistic search and risk-taking. As a recap, firms engage in a search for a solution to a perceived gap between current performance and aspirational performance, with aspirations based on peers or past performance. Secondarily, the literature review outlined key strategic decision making findings based on not-for-profit institutions, with an emphasis on those specifically related to higher education. Here the focus is on the research stream of institutional isomorphism and the way this framework describes institutional responses to opportunities. Finally, a brief perspective on disruptive innovation was included to provide a rationale for this study’s contextual focus.

Cumulatively, the literature review provides an overview and rationality for seeking to better understand the factors that influence a college’s response to a potentially disruptive innovation. Leveraging both a behavioral theory of the firm and institutional isomorphism as a dual lens through which to study college leaders’ responses is expected to provide rich insights into the factors that are most salient without prematurely limiting the findings.
CHAPTER 3: Methodology

Decision making is a difficult phenomenon to pinpoint. Both the point of the actual
decision and the factors that influence the choices can be ambiguous and complex.
Understanding what factors are most salient in the decision to respond, and the extent to
which these vary across seemingly similar contexts can help develop a deeper understanding
of the decision process. Previous studies provide specific empirical evidence that contributes
to our understanding of how for-profit firms respond, and whether these findings can be
extended to decisions in a not-for-profit sector like higher education remains unclear.
Furthermore, the concept of disruptive innovation is a relatively new lens through which to
view the decision making process, and one that has not yet been deeply explored in the
university context. By exploring university decision making and response through the lens of
disruptive innovation, this study provides empirical evidence that broadens our understanding
of the decision process in public higher education and contributes to strategy research.

Selecting an appropriate methodological approach is critical to the success of any
study. For this particular study, both qualitative and quantitative approaches were considered
in light of their ability to contribute to the primary research question. The decision to move
ahead with a qualitative approach was driven by an intent to study, interpret and make sense
of a complex phenomenon that plays out in a particular context (Denzin & Lincoln, 2005). In
accordance with a social constructivist perspective (Creswell, 2009), the objective was to
gain an in-depth understanding of how colleges respond to a disruptive innovation. To
accomplish this goal, a qualitative approach was ideal in that it allowed for deep
interpretation of the phenomenon (Merriam, 2002).

Borrowing from a constructivist perspective, I believed that the richness of those
factors that influence the decision making process could not be adequately understood
through quantitative analysis. Rather, through an inductive approach to interpreting data,
insight, and individual actors’ own perspectives in light of their context and experiences, this
study provides a broader and truer picture of the decision process (Denzin & Lincoln, 2005).
The approach used was shaped by a pragmatic world view (Creswell, 2009), focused on a
practical, real-world approach to making sense of a situation or phenomenon with an
underlying assumption that the context has a key impact. Thus, a qualitative study was the
ideal choice to study this phenomenon in that it allowed for deep exploration into subjective
reflections and responses of the individuals involved, as well as a broad interpretation of the
environmental or contextual factors (Creswell, 2009). This methodological approach also
filled a void that currently exists, by examining the decision making process in a specific
context that is significantly different from firm-based studies (Ketchen, Snow, Street, &
Hoover, 2004).

I elected to do a multiple case study because I was interested in understanding how
colleges responded and if these responses varied across institutions. Case studies provide a
methodological approach to exploring a bounded system (Stake, 2006). A multiple case study
allowed me to look closely at individual college cases to understand the factors that were
most salient in their decision process, and then to consider the cases as a group to gain a
deeper understanding of similarities or differences that existed across the different scenarios.

Selection of Cases

This study was a multiple case study that explored four public business college cases
and their responses to the potentially disruptive innovation of online education. A multiple
case study can provide a more robust understanding of the individual cases and the findings
that emerge from them. Furthermore, a multiple case design is appropriate when working to
understand similar cases with different outcomes or responses (Yin, 2003). Having
determined that a multiple case design was most appropriate for this study, it was necessary
to determine the number of cases to include.
Through this study I was interested in understanding decision making response through the dual lenses of behavioral theory of the firm and institutional isomorphism. More specifically, the four cases selected were intended to be externally similar along many dimensions, with key differences in their level of organizational slack and performance - aspiration gap.

Ultimately, four specific cases of business colleges were selected for the study. Each case was a business college within a public university in the United States, accredited by the Association to Advance Collegiate Schools of Business (AACSB). The AACSB is recognized as the preeminent accrediting body that provides quality standards and ongoing evaluation of business school's mission, operations, faculty and programs. By considering only AACSB accredited public business colleges, there was an expectation that each case would have similar external oversight in regards to their academic standards. Limiting the cases to public university business schools was intended to control for differences in external factors such as funding models, governance structures, and influence of external stakeholders that may differ substantially in other university contexts. Similarly, private universities and two-year colleges were not included because they could be expected to have different challenges, governance structures, and financial models. Although including cases from either private universities or two-year public colleges could provide interesting insights, the decision to exclude them and focus on public universities was intentional.

I considered only large, public universities within the same, Midwest region to control for geographic and economic differences that could have existed across the nation. To further contribute to the perceived homogeneity of external factors, I identified those institutions which are commonly considered to be peer schools – both from the perspective of belonging to the Big Ten athletic conference and because they were members of the Committee on Institutional Cooperation (CIC). Several possible business schools emerged from this
winnowing process. Each was a large, public university, having between 35,000 and 55,000 student (“About CIC,” n.d.; “The Integrated Postsecondary Education Data System,” n.d.). In addition, each institution was classified as Very High Research according to the Carnegie Classification. These similarities were intended to provide a common foundation through which to understand their individual responses. The institution that I am attending was eliminated as a potential case at the onset to avoid any potential conflict of interest or bias.

Having identified a subset of possible business schools to include in the study, it was essential to select a subset of schools that represented key characteristics of particular interest, given the theoretical lenses of institutional isomorphism and the behavioral theory of the firm. From the perspective of institutional isomorphism, there is an expectation that institutions will mimic the common response of the industry or field. As argued previously, the potentially disruptive innovation of online education is still a relatively untested phenomenon and there is not a comprehensive understanding of what is the legitimate response. The institution’s response was considered a dependent variable, and although I was aware of how the selected schools had/were responding to online education, this was not a criterion used for selecting cases.

Aspects of the behavioral theory of the firm, on the other hand, provided antecedent variables that were expected to contribute to the decisions made by each institution. In particular, the constructs of problemistic search resulting from a performance - aspiration gap and organizational slack were of primary interest. As a result, I selected college cases that create a two-by-two matrix design, with cases representing high – low performance and high – low organizational slack in comparison to their peers. Identifying appropriate proxies for performance – aspiration gap and organizational slack was the essential next step in the research design.
I used BusinessWeek rankings (Lavelle, 2012) as the proxy for performance-aspiration gap. Rankings are a commonly accepted measure of perception and they provide a good proxy for considering the performance – aspiration gap for peer institutions. It is reasonable to assume that all business colleges aspire to achieve or surpass their current or highest previous ranking, and that all institutions are aware of, and aspire to be ranked higher than the institutions that they consider to be peers. Accordingly, I classified the institutions as higher ranked and lower ranked, in comparison to the other schools within the previously identified set of potential college cases. Results from both BusinessWeek rankings were available online, and I determined the two consistently higher ranked colleges in the consideration set. The selection of two lower ranked colleges was less obvious, as there were a number of institutions that were similarly ranked or not at all ranked. I coded these as potential cases for inclusion and proceeded to the second set of criteria for the matrix – the level of organizational slack.

The level of organizational slack was intended to represent excess resources and/or capacity that are not essential to the base operation of the institution (Bromiley, 2005; Cyert & March, 1963). I used total college endowment as the proxy for organizational slack because it represented funding available to the college above and beyond that issued through tuition or state/federal funding sources. Levels of total endowment for each college were identified through AACSB reports, and I used the 2012-13 endowment levels to identify higher endowed and lower endowed colleges based on the total dollars of endowment for that year. I also considered the previous two years endowment levels in cases where the levels were similar.

As stated, selection of cases is a critical aspect of designing the study and careful consideration went into identifying business colleges that were similar in their external characteristics. At the same time, the primary goal of this study was to better understand what
factors most influenced decision responses, through the lenses of institutional isomorphism and the behavioral theory of the firm. Focusing on rankings as a proxy for performance - aspiration gap and on endowments as a proxy for organizational slack provided a matrix through which to consider and compare decisions. A final consideration in selecting cases was to include the cases that provided the greatest opportunity to learn, which could potentially mean selecting cases that were most accessible (Denzin & Lincoln, 2005). Ultimately, four business college cases were selected, representing each of the quadrants in the study’s matrix design. Each case was given a pseudonym to reflect the quadrant they represented. Pseudonyms provide a convenient reference label for each case while protecting the identity of the college and the individual participants, and were not intended to reflect judgment on their decisions or their position in the study.

A similar set of possible participants was initially identified at each college, generally consisting of members of the leadership team for the college, information technology professionals, and faculty or staff who, based on initial research on the college’s website seemed likely to have been involved with early online initiatives. The timing of decisions at individual colleges varied over a span of nearly twenty years and so a concerted effort was made to include individuals with long-term perspective at the college as well as those who were currently engaged in these decisions. This cross-section was important and intentional in order to gain a broad and deep understanding of both historical and current factors impacting the decisions for or against online initiatives.

Participants within each case were referred to by a consistent gender pronoun, regardless of their actual gender. The gender pronouns used rotated across cases such that two cases were identified as female participants and two as male participants. Gender identification was randomly assigned and not intended to introduce bias or relevance to the study.
The four cases selected for the study were: Maximizer College - higher ranked, lower endowed; Leader College - higher ranked, higher endowed; Optimizer College - lower ranked, lower endowed; and Striver College - lower ranked, higher endowed.

Table 1

Study’s Design Matrix

<table>
<thead>
<tr>
<th>Maximizer College</th>
<th>Leader College</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Ranked</td>
<td>Higher Ranked</td>
</tr>
<tr>
<td>(Less Performance - Aspiration Gap)</td>
<td>(Less Performance - Aspiration Gap)</td>
</tr>
<tr>
<td>Lower Endowed</td>
<td>Higher Endowed</td>
</tr>
<tr>
<td>(Less Organizational Slack)</td>
<td>(More Organizational Slack)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Optimizer College</th>
<th>Striver College</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Ranked</td>
<td>Lower Ranked</td>
</tr>
<tr>
<td>(More Performance - Aspiration Gap)</td>
<td>(More Performance - Aspiration Gap)</td>
</tr>
<tr>
<td>Lower Endowed</td>
<td>Higher Endowed</td>
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<tr>
<td>(Less Organizational Slack)</td>
<td>(More Organizational Slack)</td>
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</table>

Data Collection

After identifying the optimal cases for the study, contact was initiated by the dean at my college of business to the deans at each of the four selected colleges of business with a request for support and participation in the research. The dean at my institution and those selected for this study were colleagues who were professionally familiar with each other. Having the initial contact made in this way helped to provide credibility to the study and to me as a researcher, and prompted a quick response in two of the four cases. Potential participants were expected to include members of the dean’s leadership team, as well as faculty and information technology staff.

Based on the introductory email, I sent a personal email to each of the deans. Two deans responded quickly, indicating their willingness to support the study: the Optimizer College Dean and the Striver College Dean. Each of these deans put me in contact with others on their team that could facilitate meetings and/or provide perspective on the decision. Through their efforts, I scheduled four interviews on the same day at each of their campuses.
Supplemental requests to individuals identified during the on campus interviews resulted in phone interviews with a fifth person at Optimizer College.

After follow-up emails to the Leader College Dean, he/she responded that the leadership team had recently participated in another study, and would not be available to meet with me. He/she indicated that if I needed to speak with multiple people, their college would not be conducive to my research needs. Since Leader College was the clear best representation of a college in this quadrant, it seemed imperative to move forward despite this setback. Leader College Dean agreed to meet with me as long as we had “a clear understanding that my team cannot be involved” (email, 6/16/2014). I agreed, knowing that I would need to pursue other avenues to identify individuals who were either no longer at Leader College and/or not working directly with the dean’s team. I contacted a former Leader College director who had left the College and was able to establish a meeting with this person. He provided recommendations of others who were connected and aware of the decision, but not directly on the leadership team at the College. I also was able to identify and connect with other former faculty/staff.

The dean at Maximizer College did not respond after repeated attempts to connect; however, a colleague introduced me to a faculty member at Maximizer with first-hand knowledge of their decision. This person was willing to support the work and was helpful in providing connections to others who were directly involved. At Maximizer I met two individuals in person and completed the remaining three interviews remotely. Although I was not able to include the dean as a participant for this case, the consistency of data received from the five diverse individuals who did participate paints a strong picture of the culture and factors involved. Furthermore, because initial decisions in response to online education at Maximizer were made many years ago before the current dean was affiliated with the college, his/her perspective is not essential to the study.
To ensure a comprehensive perspective was developed, each participant was asked who else should be included in the study to provide a broad interpretation of the decision making process (Merriam, 2002). Given the complexities of decision making in public higher education, this snowballing technique provided a good process for identifying four to five individuals at each college who were directly aware of or involved in the decision. This effort also reduced the likelihood that a key decision maker would be underrepresented in the study.

Interviews were generally scheduled via direct email communication with the participant. In most cases, I was able to leverage the snowballing technique mentioned above, and with permission of the initial participant, encourage others at each college to participate. In a limited number of instances, the dean or his/her designee encouraged others at their institution to participate. All participants were provided the same overview of the study, and a similar request to participate with an option to decline. Of the twenty-six participants contacted, nineteen agreed to participate, four declined and three did not respond after repeated attempts. As a result, a total of nineteen participants were included in the study.

At the beginning of each interview, consent forms were reviewed and signed by each participant. I then provided a quick overview of the project, framing the purpose and the research question. Semi-structured interviews with pre-determined questions (Appendix 1) were used to ascertain and make sense of the factors that influenced the decision of how each of the cases responded to the potentially disruptive innovation of online education. In most instances, in person interviews were scheduled for 60 minutes at the participant’s office or other location of their choice. A limited number of phone interviews were necessary based on the participant’s request. All interviews were audio-recorded and later transcribed. In addition, I took notes during the interviews. These notes served as a back-up and also helped capture primary emphasis, impressions and nuances observed in the interview. Participants were given an opportunity to review their transcript and provide supplemental information or
clarification to ensure that their views were accurately portrayed. Similarly, information was checked against others’ responses to triangulate the information received.

As interviews were completed, each participant was sent an electronic thank you for participating. Consent forms were numbered sequentially and filed in a secure location away from the interview data. Audio files of interviews were labeled with this same numbering, as well as with the time and date of the interview. Each recorded interview was then transcribed and labeled with the same numbering. Once transcripts were complete, I reviewed each one in detail, listening to the recording, correcting any details and comparing to my own notes.

Interviews were the primary source of data, but these were supplemented by available documentation. In particular, I requested that each participant provide supporting information and collateral that could aid in understanding the decision participants, timing, and context. I also collected available annual reports and college brochures from each college case. Some participants provided additional detailed and specific information that was relevant to their specific institution. A college’s website is another important resource for potential students and external stakeholders seeking to understand the program offerings, brand, and priorities of the college. Information gleaned from the main pages of a college’s website provided important insight into how the institution would like to be perceived by the external marketplace, what is most significant to the organization, the culture and the environment. To complete the data collection, I reviewed each college’s website, seeking additional insight on their institution and their priorities. Organizational websites were also useful in identifying and providing background information on participants.

To summarize, the multi-case study included four business colleges, purposely selected based on a set of factors that externally would indicate similarities. Each business college was part of a large, public university in the Midwest United States. Each university was a member of the Committee on Institutional Cooperation and the Big Ten athletic
conference, with a Very High Research designation according to the Carnegie Classification. Within this framework, specific colleges were selected to represent each quadrant of the study’s matrix design based on relative endowments and BusinessWeek rankings. Individual participants were selected based on their expected knowledge of decisions related to online education within their college, with a focus on gaining a diverse set of perspectives from four – five individuals in each case.

Analysis

The analysis for this study was both deductive and inductive. Initial codes were developed deductively based on themes derived from the dual lenses of behavioral theory of the firm and isomorphism. These included ideas such as risk propensity, peer actions, reputation, revenue generation, legitimacy, scarce resources. In addition, other potential factors expected to influence decisions based on the initial literature review were incorporated, including top management team and previous experience, and enrollment growth. With these codes as a reference, I reviewed the first two interviews, coding key ideas. The results were compared to the initial codes and used to revise the coding scheme, developing a further refined set of thematic codes that seemed representative of the factors that influenced decision making. Initial themes and codes were also compared to research findings in available studies that have explored decision making and disruptive innovation response.

This coding schematic was then applied universally to all interviews, including the initial two. I used a segment by segment approach for coding each interview with a focus on capturing all key ideas. The coding was not intended to be discrete, allowing for segments of text to have multiple codes where multiple themes seemed evident. Codes were marked within the text. In addition, segments that were pronounced or particularly interesting were highlighted for further consideration.
To maintain order in the data collection, I developed a qualitative analysis matrix to help capture and compare key ideas that emerged from the interviews (Kuckartz, 2014). Upon completion of each interview review, I generated a memo that captured my initial thoughts about the content, themes, and general impressions; and I captured key quotes and ideas that emerged directly from the interviews in the form of a case summary (Kuckartz, 2014). This matrix was an important reference tool for ensuring consistency in coding, and later for comparing themes and cases in the analysis.

Using the revised coding scheme, I re-coded the first two interviews before coding the third, capturing key quotes and noting memos in the qualitative analysis matrix. As interview coding was completed, I tallied the codes for each case and captured this in the matrix. To account for differences in the coding process (how “heavily” coded some were compared to others) I considered the percent of each code within a case as a way of understanding the intensity of particular codes in relation to others within that same case. I also reflected the role of the participant in the matrix so that comparisons could be made not only within and across cases, but within/across similar roles at institutions, if necessary.

In addition, I used two peer reviewers to reduce bias and validate the findings. These reviewers were made aware of the research question, briefed on the theoretical framework, and trained on the coding procedure. Both reviewers independently coded interviews that I had previously coded, counting the codes for each of the themes and entering the results into the qualitative analysis matrix. Once this initial coding was complete, the peer reviewers and I reviewed the results of the coding and the thematic counts recorded in the matrix, discussing and resolving discrepancies in the coding. The results of peer reviewer coding were entered into the matrix. These findings were compared with my own, resolving discrepancies as needed.
In the analysis, I particularly considered whether the themes that emerged reinforced or contradicted the two theoretical lenses in the study: Behavioral Theory of the Firm and Institutional Isomorphism. Each case was analyzed independently to determine which factors were most salient for that particular college. Saliency was determined based on the amount of emphasis placed on the idea by the participant. This was a subjective assessment, influenced in part by whether the participant raised the idea independently or in response to a direct question. The prevalence, consistency and level of emphasis on a particular theme across participants in each case were considered to determine whether it was significant enough to be a primary theme. Using this holistic and subjective approach, the most salient themes were identified as the top two to four constructs most prominently and consistently evident across the data within each case. Secondary themes in each case were noted as those that were evident but in a less consistent or intense way. Similarly, this process was used to identify any anticipated theme codes that were notably absent in a particular case.

Given the qualitative nature of the study, percentages of each theme were not an important determining factor for salience; rather the relative weighting was used as a means of gauging the relevance of a particular theme in comparison to other themes at that institution. The quantity and magnitude of the comments were also used as a barometer to understand what mattered most. Both of these tools were used to develop visual maps which helped create a literal picture of codes for each case. These interpretations provided a visual overview of the factors that influenced each case and a way of comparing similarities and differences across the cases. Combining these methods of interpreting data resulted in a holistic approach to understanding what factors were most and least salient in each of the cases.

Once individual cases had been interpreted, findings were compared across the cases to explore patterns in the factors that influenced responses across cases. Particular attention
was given to understanding whether similarities or differences appeared to be related to the independent variables related to performance - aspiration gap or organizational slack. Through this analysis, I gained a better understanding of the appropriateness of institutional isomorphism and the behavioral theory of the firm in the context of a college’s decision making response to a potentially disruptive innovation.

**Validity**

Interviewing multiple individuals involved in the response decision helped ensure the validity of the study by providing multiple interpretations of the response factors and timeline determinants. In addition, the use of archival data helped improve the validity and reliability of the findings. Combining multiple interviews and archival data triangulated the research and reduced the likelihood that individual biases, hindsight, or timing would skew the overall findings. This was significant because participants in many instances were either indirectly involved or were reflecting on past decisions, such that hindsight bias was to be expected (Gary, 1998; Roese & Vohs, 2012). During the interviews themselves, emphasis was placed on sensing the environment and the underlying factors that could have been relevant to a deep understanding of the decision process.

Interviews were primarily transcribed by a non-biased third party. The recordings and transcripts were then reviewed by the researcher and compared to the hand-written notes taken in the initial interview. I made clarifications and corrections, and removed references to individuals and to the college involved, replacing the school reference with the study pseudonym. Once the data were reviewed and updated, transcripts were sent to the participant for review and clarification (Merriam, 2002). During this review state, I also made a final request for supporting documentation including mission statement, press releases or other information that would help develop a full understanding of the decision. Both the original transcription and the clarifications were captured and used in the analysis. Significant
time was spent reviewing and considering the data so that I could provide a rich and deep understanding of the factors that emerged as most salient.

**Reliability**

Qualitative reliability refers to the extent to which the study produced consistent and dependable results that can be replicated. Replication is problematic in studies that involve social contexts and human behavior, and so in qualitative studies reliability refers to whether the results make sense, given the data collected (Merriam, 2002). To aid in the reliability for this study, the protocol for conducting the research for each case was documented to ensure consistency within the study. Semi-structured interview questions were established and piloted in advance of the study to ensure that they were clear and relevant. Using this set of initial questions consistently was intended to guide the interviews without restricting open responses. Recording interviews and taking notes helped to ensure that both the verbal and non-verbal cues were captured accurately. Finally, the use of peer reviewers helped to identify and prevent biases, assumptions and inaccurate interpretations. Together, these efforts contributed to findings that were reasonable, dependable and consistent with the data.

**Limitations**

The use of a multiple case study provided rich and deep insight into the response decisions in public university business colleges, and unveiled answers to the question of how and why institutions respond to a potentially disruptive innovation. These findings will help college leaders understand the decision process more fully thereby providing important insight that can inform practice. A limitation of the study, however, is that the findings are not necessarily generalizable. Whether the same factors would emerge as most salient in other colleges is uncertain.

Another limitation is that time and access to participants limited the number of contributors to the study. The selected participants were intended to provide a full picture of
the response decision, yet with each individual there was a potential for bias to influence how
they described the process and their personal involvement. For example, participants may not
have accurately recalled all relevant details when they were interviewed. Secondly, they may
have retrospectively interpreted the process and the intentions differently now than they
would have at the time the decision was made. This hindsight bias (Gary, 1998) may have
altered the way a participant interpreted and recalled a previous decision. Third, since the
cases all represented colleges that were peer institutions, it is possible that for personal or
professional reasons, participants may have reframed the process in a way that was not an
accurate depiction of what actually occurred. An attempt to reduce this bias was made by
focusing on the decision process rather than the outcomes, yet this remained a limitation for
the study. Furthermore, it is possible that some factors or perspectives were under-
represented based on the limited number of individuals involved. Some key participants who
were involved in the decision were unwilling or unable to participate in the study.
Furthermore, some participants interviewed were aware of decisions, but not directly
involved at the time of initial consideration. In some cases, the time lapse between the initial
consideration and this study could have led to a lack of detailed recollection of the decision
process, as well as a distorted view of the most salient factors.

Similarly, and given the increased acceptance of online education, it is possible that
participants’ retrospective understanding of how the decision was made may have been
distorted. For example, leaders at institutions who have not yet responded by initiating online
graduate degrees may be less forthcoming with their rationale, and those who adopted online
models early may retrospectively interpret their situation differently than they would have at
the time.
CHAPTER 4: Findings

Each case for this study was a business college at a public, Big Ten university. The area of focus for each case was to understand what factors were most salient in the decisions of how to respond to the potential disruption of online education. This chapter reveals the findings for each of the four individual cases, followed by a cross-case analysis.

Case One: Optimizer College

Context

Optimizer College is located in a small, rural city in the heart of the Midwest United States. Students co-exist with the local community and the city’s businesses, sharing the shops and restaurants. The university has offered business education for well over 100 years (“Henry B. Tippie College of Business,” n.d.). As with all cases in this study, Optimizer is an AACSB-accredited business school within a public university.

Endowments for Optimizer College averaged well under $100,000,000 for the 2011-12 and 2012-13 years (“AACSB Business and Accounting Accreditation,” n.d.), putting them in the lowest range of the peer set for this study in terms of endowment level. Their 2013 fall graduate-level enrollment included over 1000 masters students (“AACSB Membership [Member Listings,” n.d.). A review of BusinessWeek rankings of MBA programs showed that Optimizer had never been ranked in the top 30 (Lavelle, 2012). For the purpose of this study, and in comparison to the other cases utilized for this research, Optimizer College had lower endowments (the proxy for organizational slack) and lower rankings (the proxy for performance - aspiration gap).

Generally speaking, a college’s website is an important initial resource for potential students and external stakeholders seeking to understand the program offerings, brand, and priorities of the college. Information gleaned from the main pages of a college’s website generally provides important insight into how the institution would like to be perceived by
the external marketplace, what is most significant to the organization, the culture and the environment. At Optimizer, the dean’s message highlighted integrity, innovation and impact ("Henry B. Tippie College of Business,” n.d.). Headlines on the home page touted that the college had a long heritage, was top-ranked, was a best-value and had graduates who were sought after by businesses. The significance and transparency of the college’s strategic plan was also evident by its prominence on the college’s home page. In addition, stated values for Optimizer College included “unfailing work ethic; honesty, integrity and transparency; commitment to high standards and excellence; desire to make a difference” ("framework.pdf,” n.d.).

The top administrator at Optimizer College had been there only a few years, and embarked on a strategic planning process shortly after joining Optimizer. At the time of this study, Optimizer did not offer any fully online graduate programs. The college did offer online courses that lead towards a bachelor’s degree, and continued to work with faculty to add additional courses with the goal of offering a fully online bachelor's degree to meet the needs of off-campus students. In addition, the college leadership was exploring the potential for additional executive education and potential specialized master’s degrees. Online or hybrid options were being considered as potential ways to meet the market needs, especially the need for potential students in rural areas to gain access to higher education.

Participants

The study included five participants from Optimizer College, primarily coordinated through the dean’s office. Participants were identified through a dual process of initially identifying potential faculty and staff on the college’s website, and vetting them through the dean’s office to determine which individuals most likely had information and/or perspective on the college’s decisions related to online education. With the support of the dean’s office, in-person meetings were quickly established with four participants on the campus. Each of
these initial participants demonstrated an open willingness to share their experiences and insights. A fifth participant was identified as a result of the initial interviews, and was interviewed by phone at a later time. All participants were given a pseudonym that reflected his/her role and was referred to by a male pronoun throughout the case, regardless of gender.

Optimizer Cont Ed (O-Cont Ed) was a senior-level administrator for the university’s continuing education unit who had worked at the university for over forty years. His position and experience provided him a strong external lens and strategic awareness not only of Optimizer College, but also of the overall university. His knowledge and perspective of the state government’s roles, priorities, and funding implications for higher education provided important context about the culture and the environment. He gave a strong sense that the university system was generally slow to move, and needed to evolve to be sustainable and meet the needs of the state’s population. He indicated that previous leadership at the business college had not felt a need to change, but that the current dean was different.

Optimizer Manager (O-Mgr) was a senior-level administrator in the college of business who came to the college just over a year before we met. He had a liberal arts background and previous knowledge of and experience with online degree programs that was negative. He voiced a strong resistance to the potential for online education to provide the interpersonal, leadership, and communication skills that he saw as the real benefits of a graduate degree, and stressed a strong preference for the traditional, place-based model of graduate education. He also indicated that the college was not interested in making a strong impact beyond the state.

Optimizer IT (O-IT) was a mid-level information technology administrator in the college of business with over twenty years of higher education information technology experience. He had most recently worked at a small, private college in a nearby state, and came to his current role eight years ago because he thought it was a good opportunity. He
indicated that he consistently tried to keep abreast of new instructional technologies and peers, and that he has worked in conjunction with the continuing education unit to push the faculty on the implementation of new technologies.

Optimizer CEO (O-CEO) was the top college administrator who had been at Optimizer for just over two years. He recognized that strategic planning was needed when he arrived, and took this on as a top priority for the college. He had a marketing background and previous early career experience that leveraged technology to meet the needs of graduate students. He described peer institutions that embarked on online education as innovators. His stated foci were convincing faculty that they (the college) needed to evolve and do things differently, encouraging big ideas, and providing opportunities for early adopters of new technologies to share their experiences, thereby organically growing change rather than trying to force it.

Optimizer Associate Dean (O-AD) was a senior administrator at the university, who until recently was a long-standing faculty member and senior administrator at the business college. He saw the college’s entry into the online education space as slow and market driven. He indicated that in 2009 the college decided to work towards offering an online bachelor’s degree, and that it was not yet fully online. To move this forward he and others on the leadership team chose to start with non-core undergraduate courses, where they felt there would be less resistance. The idea was floated before the college to gain support, and achieved this based on ensuring the content, quality and rigor of online courses would be the same as on campus.

Most Salient Themes

Several major themes were identified prior to reviewing individual cases, based on the theoretical lenses used for the study. These themes were used as a starting point for exploring the individual cases and understanding the factors that were most salient. Several of these
anticipated themes emerged from a detailed analysis of Optimizer College, yet some expected themes were noticeably absent. Overall, the most salient factors at Optimizer College were Transitioning from Contentment, being Market Driven, and Innovation on the Fringe. Transitioning from Contentment was an unexpected theme that was unique to Optimizer, comprised of a changing culture that was moving from one that was predominantly content, non-experimental or risk-averse to one that was more experimental, more willing to implement new initiatives and more accepting of the inherent risks of change. Market Driven was depicted by a focus on market needs, revenue generation and/or enrollment growth potential. Innovation on the Fringe was characterized as leadership and/or faculty culture that was experimental, willing to take risks, open to change and/or motivated to try new initiatives. Each of these themes was dominant in conversations with most participants at Optimizer College. Each of these areas is discussed in detail below, with key quotes from participants included.

*Transitioning from Contentment*

The most salient factor at Optimizer College can be described as Transitioning from Contentment. As mentioned, this theme was found uniquely at Optimizer, defined for this study as a culture transitioning from one that had been described as content, non-experimental or risk-averse to one that was more experimental, more willing to implement new initiatives and more accepting of the inherent risks of change. In order to more fully understand this theme, it is necessary to describe the two relevant aspects that comprise it. The college was historically described as slow to change, satisfied with the status quo, content and risk averse. More recently there had been a push to encourage change and innovation, driven largely by new leadership. In other words, historically there was not a willingness for innovation at Optimizer, but recent changes are already creating more
openness to innovation for the future. The following sections detail the historical
“contentment” and change to a culture of innovation.

Historically, Optimizer had a culture that did not encourage new and potentially risky initiatives like online education. Both the college’s administrative leadership and faculty were portrayed as slow to change and risk averse. “Our college was, and it’s kinda part of the culture at this university too, was slow to get involved with the online market” (O-AD). That is not to say that the college was generally resistant to online education, but rather that as a college there was not a motivation to venture into the online marketplace. “It goes back to institutions and people being risk averse – if what you’ve been doing has worked for you, why do something else” (O-Cont Ed). Faculty were content with the status quo and did not feel internal or external pressure to initiate online courses or programs. Without a culture that encouraged risky initiatives or a vision that change was needed, faculty and staff were not motivated to pursue online options. “The culture was, until recently, there is no need to offer online classes” (O-IT).

Hesitation with pursuing online education may have been in part due to the leadership style of the former long-term top administrator, described as very top down with an authoritative leadership style that was not open to others’ ideas. One participant described this approach as, “I kind of make decisions and then we go do it” (O-CEO). Another reason may have been that the historical leadership was not interested in pursuing experimental ventures. “Easier to stop stuff and get along with people…sometimes you have to be willing to have some arrows aimed at you” (O-Cont Ed). Third, budget tightening during the 2009 recession contributed to a “fiscally generated culture of no” (O-CEO).

Participants also indicated that Optimizer historically had a risk-averse culture. One participant was particularly resistant to the idea of online education, in part based on a past negative experience: “I have philosophical issues with it” (O-Mgr). He was previously at an
institution whose dean saw online education as a means for aggressive revenue and enrollment growth requiring minimal investment of resources, as evidenced by his comment that the dean “thought it was infinitely scalable ...it crashed and burned real fast” (O-Mgr). This experience made him skeptical both of the motivation for developing online programs and of the resources required to be successful. “Other than being recreational, I think they (MOOCs) are going to go away. Maybe that’s just a wish” (O-Mgr). This individual had a clear sense that online education was not a viable means of providing a quality education, particularly at the graduate level.

As prevalently as participants described their culture as historically risk averse and content, they also sensed a change in culture to one that inspired a forward moving vision. Each participant referred to the recent change in top leadership at Optimizer, indicating that this change marked a departure from the previous leadership to one that inspired an energetic, forward-moving vision. One participant relayed this with the comment: “and the dean, I think, is a spark plug…I didn’t think we’d hire his…too much pizazz for us” (O-Cont Ed.)

Participants consistently cited a difference between how things had been and the way they were moving. The leadership transition was expected to generate what many university leaders, college faculty and staff viewed as necessary change. “We’ve been treading water here, and it’s time for us to take the next big step” (O-CEO.)

The new dean recognized the need to build a strategic plan that would shape Optimizer’s future direction. The new dean’s early efforts were devoted to demonstrating a need for change that would motivate and inspire the college to move, garnering broad support, and ensuring that all college stakeholders clearly understood the strategy. Where there was previously a hesitation or resistance to innovation, the new leadership set out to “recreate a culture of yes” (O-CEO.)
Additionally, where before, there was a less collaborative, top-down approach to decision making, the new dean focused on consensus building around the macro forces shaping the external environment and business schools. He needed to create a shared vision and then to align the college so that they were collectively moving towards those priorities. The Optimizer dean orchestrated new opportunities for faculty to interact in casual ways. New initiatives like opening up a faculty lounge and putting out free donuts or hosting workshops which encouraged peer to peer collaboration and sharing their experiences with new technologies helped faculty to organically connect, ask questions and share best practices regarding technology and other ideas. These efforts also helped create a culture that is open to exploring bold new initiatives. “I just kept having to go back over and over and just push, push for the big stuff” (O-CEO).

Combining a new shared vision with an increase in available resources and more opportunities for faculty to organically influence each other has helped to change the culture to one more open to innovation. The top leadership now believes the college is moving forward. “We’re actually getting to the point where we are getting some traction on some things, so it’s great” (O-CEO).

**Market Driven**

All participants at Optimizer, focused on meeting the needs of changing demographics and the rural population (only) within the state. The extent to which participants mentioned this varied slightly, yet each one directly referred to the market needs of the state multiple times. Notably, there was not a focus on meeting needs beyond the state or the schools’ own alumni base. “We really are here to serve the needs of the state” (O-IT). At the same time, there was a recognition that statewide constituents could not and would not necessarily come to campus for their educational needs. “I think it's responding to the
market...and we have a certain amount of expertise that they want to tap into, but not everyone gets to Optimizer City” (O-AD).

Several participants specifically mentioned the changing needs of non-traditional students and an interest in meeting their needs for education via a variety of access means including off-campus locations, distance learning and hybrid models. “They’re either gonna take it online from us or they’ll take it from somebody else” (O-Cont Ed). Another participant stated the same idea as “We’ve got a lot of people in this state who need….continuing education from a business perspective. We need to start reaching them and the only way to really do that I think is going to be online” (O-IT). References to the changing demographics of today’s adult learners who have established their families and careers and then need to gain additional knowledge and skills were common. “I think it’s really customer-driven. It’s no different than a business changing product lines” (O-AD).

Market needs were also noted as a reason to leverage technology via hybrid methods, so that Optimizer could connect groups of students in small, remote classrooms to each other, “because they want to be in class with each other and learn how to work virtually” (O-CEO). Additionally, Optimizer viewed online technology as a tool through which they could meet market needs. “So the market’s going to lead instead of the technology leading” (O-CEO).

Lastly, there was a clear and consistent reference to proposed changes to the state funding model that could substantially impact the university’s revenue. Participants indicated that the potential change to the state’s appropriation model could disadvantage them in comparison to peer public universities in the state system. As a result, several participants referred to a focus on drawing more in-state enrollments to ensure this funding is not lost. This focus on in-state students and revenue generation for Optimizer led to an interest in providing access to in-demand programs for state residents but not those outside of their
constituency base. “They woke us up….just wasn’t willing to give up that big of a chunk of change” (O-Mgr).

**Innovation on the Fringe**

The concept of starting on the fringe was mentioned repeatedly as a means to leverage those who were interested and willing to try new things, to help faculty get comfortable with the technology, and to pilot a new approach to meeting market needs. Early adopters benefitted not only from the satisfaction of a new challenge, but also from additional resources that they were able to capture as early supporters. The few early online initiatives implemented at Optimizer were offered in entrepreneurial programs through continuing education. Initial courses were offered through continuing education non-credit certificate options in remote areas and were pursued by faculty and staff on the periphery, as indicated by O-AD who said, “…interdisciplinary type programs, neither of which was really owned by the college of business” (O-AD). For those online options that were launched, there was consistent reference to administrators and faculty that were willing to experiment and to take chances outside the core campus programs: “find a coalition of the willing, and at the entrepreneurial center they’re just by nature a group that likes to take chances and risks” (O-AD). Incrementally, additional courses were created, modified, and implemented into the for-credit curriculum at the undergraduate level. These courses are building blocks towards an interdisciplinary degree, rather than a core program of the business college.

Early adopters were incentivized by resources outside the college through the continuing education unit at the university. For some faculty, the opportunity to experiment with new technologies was rewarding. Additionally, continuing education resources provided an additional incentive that included funding for the faculty members willing to experiment with new online courses and their departments, access to new technologies, and contributions that provided PhD student support. “We help them with the use of technology, development
of courses, and then sometimes seed money…it’s amazing what $5000 will do” (O-Cont Ed). Having this funding source that was external to the college provided a means of securing the support needed to try new things, without risk to the college itself.

**Secondary Themes**

Three additional themes emerged when speaking with most participants. These themes were less prominent and/or pervasive than the most salient themes previously described, yet participants placed some emphasis on them. Peers and Legitimacy was described as a way of understanding the participants’ awareness of and attention to peer institutions, and the legitimacy of their or peer actions was also an important sub-theme. Organizational Slack referred to a focus on available resources and/or capabilities, or the lack thereof. Quality Outcomes referred to a focus on quality of learning, educational outcomes and/or student satisfaction. In addition, some expected factors did not emerge as salient at Optimizer College. Most notably, there was virtually no focus on Brand, characterized as a focus on reputation, brand, rankings and/or the essence of how the college is perceived. Power, here defined as strong governance or control – either from faculty or from the administration, was also barely mentioned. Each theme is described in more detail in the next two sections.

**Peers and Legitimacy**

Peer actions constituted an important supporting theme at Optimizer, but not one that was seen as a driving factor in the Optimizer’s decisions. Most participants did not focus on other institutions, but when asked if they were aware of how others were responding to online education each had a sense of what peer institutions were doing. Peer schools that were watched generally included those in the Big Ten, and most participants referred to the Big Ten as a general reference group. This set of institutions was monitored and used for benchmarking. Specifically named institutions varied. There was widespread recognition of
the Kelley School’s early entrance into the online marketplace, and of for-profit institutions, particularly the University of Phoenix. For-profit schools were most often referred to negatively and the perspective that Optimizer was not competing with for-profit institutions was common, although not unanimous. One participant specifically voiced an alternate opinion when he “really tried… to push the idea that the reality is that we are competing with all of these negative places, as well as a lot of other schools like Kelley, like Penn State” (O-IT).

Peer institutional awareness was also a means for legitimizing the efforts towards online education. “Knowing what others folks were doing at least allowed us to talk to faculty about we’re not out there by ourselves” (O-AD). This knowledge did not seem to play a significant role in how Optimizer responded to the potential disruption of online education. Specifically, there was no indication that the actions of Optimizer College were influenced by those of their peer institutions.

**Organizational Slack**

Organizational Slack was defined earlier as excess resources or capacity that are not essential to the core functions of an organization (Bromiley, 2005; Cyert & March, 1963). In coding for this theme in the case, organizational slack was defined as a focus or attention on either having or lacking resources or capabilities. At Optimizer, the theme of organizational slack played a key role in the decisions regarding online education. The online courses launched in the 1980s-1990s were created outside the college of business, and were supported by external resources. Departments that were early adopters of online education gained funding, revenue sharing, expertise, access to technology and faculty support from continuing education if they were willing to experiment with online courses. Experimental faculty secured institutional support in the form of available technologies, financial resources and
access to experts who could help with the development of courses. “It’s financially advantageous to offer programs, but you gotta want to do it” (O-Cont Ed).

On the other hand, the lack of organizational slack in the college was a deterrent. Participants cited the limitations and constraints of operating within the core of the existing programs. “Even if we had the money, it's challenging to find qualified people (faculty) right now” (O-Mgr). The lack of organizational slack was referenced, specifically in terms of the trade-offs that would be required to start a new online initiative. The available resources were seen as critical to the ongoing success of the core programs offered and the lack of slack capacity and resource was considered to be a restraint. “It comes down to the success of the traditional programs that we have right now and the resources that would be demanded to go online” (O-Mgr).

There was acknowledgement of the amount of energy and technological support for both faculty and students that would be needed, and that this money needed to be up front. The unknown of when and how much money made college leaders hesitant to move forward. Additionally, one participant stated that for the undergraduate efforts currently in place, the university leadership implementing online programs did not fully understand the market or the resources that would be needed in terms of potential changes to admissions criteria, additional student advising and marketing.

**Quality Outcomes**

A focus and concern of how to ensure quality, particularly at the graduate level, was voiced by most of the participants, albeit at varying levels of concern. One administrator voiced strong resistance to the idea that online education could provide the type of education experience needed by students and their future employers. “Desperately needing people with the leadership skills, the soft skills, and I think it is EXTREMELY difficult to build that in an online environment...I really struggle with how that can be done online” (O-Mgr). Others
stated a need to ensure the quality was consistent with campus-based classrooms, and expressed a focus on leveraging the same faculty to develop and deliver both online and on-campus courses. Yet another participant supported the concept of hybrid courses to leverage the benefits of both online and on-campus experiences in situations where appropriate. “It’s not either or, it’s both and” (O-CEO).

Concern for the quality of academic experience generally was touted as a reason to resist offering online graduate programs, and was a limiting factor in the number of alternatives at the undergraduate level. The online courses created at the undergraduate level leveraged faculty who taught in comparable campus-based courses. This was done to ensure that online classes had a similar level of academic rigor and perceived quality from the faculty’s perspective.

**Notably Missing - Brand**

Brand was an anticipated theme notably absent in the Optimizer College case. Based on the coding scheme used for the study, brand was defined as a focus on reputation, brand, rankings, or the essence of how the school was perceived by the public. Participants at Optimizer did not focus on this theme, and in general rankings were not mentioned. When asked specifically if college rankings were important, participants’ responses indicated that rankings were not an area of concern or discussion for Optimizer faculty or staff. Several participants stated that they were not aware of the rankings, and/or whether rankings would be in any way impacted by decisions related to online education. Similarly absent from the discussions was a focus on aspirational peers or an effort to increase Optimizer’s brand position in comparison to top-ranked institutions. Other institutions were seemingly considered as a means to understanding the market, but not from the perspective of competing or growing their brand prestige. Rather, participants seemed to be paying attention to their peers so that they were aware of trends and others’ actions. Only the dean specifically
referred to the brand positioning of Optimizer in the marketplace, acknowledging that they were not a national brand and could not compete beyond the state in a crowded marketplace. “There’s a pretty short list of B-schools that I think have national level brands…we’re not one of them so we can’t go toe to toe and just throw out an online program and expect to compete with those guys” (O-CEO).

**Case One - Optimizer Summary**

Optimizer College had lower endowments (organizational slack) and lower rankings (performance - aspiration gap), representing the lower left quadrant of the study’s design matrix. The factors that were most salient in their decisions regarding online education can be described as Transitioning from Contentment, being Market Driven (within the state) and Innovation on the Fringe. Unique to Optimizer was the theme of Transitioning from Contentment, defined as a changing culture moving from one that was predominantly content, non-experimental or risk-averse to one that was more experimental, more willing to implement new initiatives and more accepting of the inherent risks of change. The second highly salient theme was being Market Driven, referred to a focus on market needs, revenue generation or enrollment potential. Decisions to move online initiatives forward were made in the interest of meeting the needs of current and potential students within their state. A third dominant theme was Innovation on the Fringe, defined as faculty or administration that were motivated, incented, willing to experiment or open to risk. This theme was most relevant in conversations about the online courses developed outside the college in an interdisciplinary undergraduate program. To date Optimizer does not offer online graduate courses yet, there is a sense that the organizational culture is shifting to one that is more open to innovation driven by a change in the top leadership position.

Other important themes that emerged from the Optimizer case were Peers and Legitimacy, Quality Outcomes and Organizational Slack. Each of these themes was
secondary to the dominant themes, yet they were clearly evident in conversations with most participants. Peer actions, for example, were generally acknowledged yet there was limited evidence that these actions directly influenced Optimizers’ responses. Quality Outcomes and the lack of Organizational Slack were also emphasized by most participants. On the other hand, the theme of Brand was notably absent with few participants referring to anything related to Optimizer’s brand, reputation or rankings.

Case Two: Striver College

Context

Striver College is located in a midsize city in the Midwest United States. The campus has both an area with a traditional college feel and a portion that is co-located within the city. Master’s degree enrollment was just over 500 students according to the AACSB survey they completed for the 2013-14 academic year (“AACSB Membership | Member Listings,” n.d.). Endowments for Striver College averaged over $150,000,000 for the 2011-12 and 2012-13 years (AACSB data, provided June, 2014), putting them in the upper quartile of the peer set for this study in terms of endowment level. A review of BusinessWeek rankings of MBA programs showed that Striver was ranked in the top 30 only one time since the rankings began (Lavelle, 2012). In comparison to other cases in this study, Striver College had higher endowments (organizational slack) and lower rankings (more of a performance - aspiration gap).

Striver College’s website indicated it was one of the nation’s leading public research institutions, and that they have offered business programs for over 100 years. The site stressed their focus on research and public service, as well as an interest in partnering leaders with learners to solve complex problems (www.striver.edu/about-us). At Striver, current graduate program marketing materials featured rankings on the cover. Similarly, the lead story on their website featured rankings, followed closely by a statement that stresses the
exceptional education and brand. Similarly, Striver promotional material referred to top 
rankings, and yet did not specifically mention *BusinessWeek* rankings, despite 
*BusinessWeek*'s prominence in the industry (MBA brochure, November 2012). Another 
publication on display at Striver had headlines of Impactful Research, Inspired Learning and 
Thought Leadership. This publication featured a report to investors; rankings for all programs 
were prominently featured on the first page (Update, Spring 2014).

The current dean at Striver College was in that role for a relatively short time, and the 
preceding dean was in the role for ten years. At the time of this study, Striver did not offer 
online graduate courses or degrees, although Striver’s university system was making 
significant strides in the online education marketplace.

**Participants**

The study included four participants from Striver, all coordinated through the dean’s 
office. Participants were identified through a dual process of initially identifying potential 
faculty and staff via the college’s website, then vetting these individuals through the dean’s 
office to determine which individuals were most likely to have information and/or 
perspective on the college’s decisions related to online education. With the support of the 
dean’s office, in-person meetings were established with each of the four participants on 
campus. Each of these initial participants demonstrated an open willingness to share their 
experiences and insights. A fifth participant was identified as a result of the initial interviews, 
but was non-responsive to multiple email requests. Each Striver College participant was 
given a pseudonym that reflected his/her role within the college and was referred to by a 
feminine pronoun throughout this case, regardless of gender.

Striver Administrative Leader (S-Leader) was a senior-level administrator for the 
business college who worked at the college for just a few years, having previous experience 
in a different unit within the university. She sensed that the external forces facing higher
education, including public sentiment, cost of tuition, and technology were disruptive to higher education; and she stressed the need to carefully consider how these forces should shape the college’s strategy and program offerings, particularly given their constrained resources. This reference to constrained resources was noteworthy, given that Striver represented one of the higher endowed cases based on their endowment level. She also mentioned a previous personal experience with an online initiative at the university that was not positive.

Striver Prof (S-Prof) was a senior faculty member with over forty years of research, teaching and academic leadership experience at Striver. She was known for her passion for trying new innovative technologies and experimenting with the unknown and was one of the very early adopters of online courses – starting in the 1980s with a video-based course in partnership with the university’s continuing education unit. S-Prof recalled the details of these early arrangements and commented on the incentives provided not only through the ability to “play” but also through the revenue sharing that allowed her to experiment with other new technologies. She also referenced the current leadership’s strategic focus on a centrally aligned culture that values quality learning and outcomes.

Striver IT Lead (S-IT) was a mid-level information technology administrator in the college of business with over twenty years of higher education information technology experience. She previously worked at a small, private college in a nearby state, and came to her current position eight years ago because she thought it was a good opportunity. S-IT saw it as her role to encourage and support the college faculty in leveraging new technologies, and to help them feel comfortable with this move. S-IT referred to online education as disruptive both to higher education in general, and for their college in particular as they worked to ensure they did not get left behind. She also stressed the significance of the recent cultural change to be more strategic and focused around learning outcomes.
Striver CEO (S-CEO) was the top college administrator who served in this capacity for just over two years. Prior to this role, she was a faculty member and academic administrator at the college. She was the initiator of a new cultural and strategic framework that became a lens through which all academic initiatives were viewed and vetted. S-CEO voiced her appreciation that the previous leader was able to generate a more financially positive foundation for her to use as a starting point in launching a strategic framework referred to by all participants, and referenced in this study by the pseudonym *framework*. She felt the *framework* was an essential reason the change in culture and strategy was able to gain traction within the college.

**Most Salient Themes**

At Striver, the two dominant themes that drove the response to online education were Quality Outcomes and Strategically Creating Gratitude. Quality Outcomes was one of the initially anticipated themes, defined as a focus on quality of learning, student outcomes, or student satisfaction. Strategically Creating Gratitude was a theme that emerged uniquely at Striver, defined as an intentional effort by leadership to influence the culture towards core priorities that drive student gratitude. These two themes were overwhelmingly evident in the conversations with each participant, and the consistency of these themes across participant conversations was remarkable. More detailed discussion of both themes is provided below.

**Quality Outcomes**

Underlying the strategic framework referenced above, and permeating Striver College’s decision making process was a focus on quality learning outcomes. One participant expressed this by saying, “The focus is on what impact will this have on learning and what impact will this have on how our graduates feel about us after they leave” (S-Prof). The idea that Striver was essentially a research-based institution that contributed new knowledge to society was at the core of their thinking. “We really believe in that research mission and the
public mission, this (state) idea. So how can we move forward as a school and invent a
different business model that pays for the research without playing tricks on people…got to
find a way for our students to be grateful for the research and for the interaction with the
researchers” (S-CEO).

Using the idea of a research-based college as a foundation, Striver’s leadership team
began using the framework as a way to “try to articulate what are the different, the actual
learning outcomes that we want all of our students to obtain by the time they complete a
degree with us…also what are some of these other attributes that we want them to develop
during their time at the school” (S-Leader). Another participant echoed that quality learning
outcomes were a priority in reference to the learning incentives provided when she said, “this
signals to our faculty as well as to our donors…our students, this school of business cares
about quality learning” (S-Prof). This focus on quality learning outcomes was stressed
strongly as a core aspect of decisions made at Striver, as indicated by:

This is actually part of our educational curricular promise to students. We take it very
seriously and we think hard about how we're doing this every day for all
students…and we decided we'd better focus on the in-person experience with the
students we've got in this building now and see how we can make, be the very best we
can be in that space before we start thinking a lot about online. (S-Leader)

The focus on educational excellence permeated beyond the institution as well, and helped to
ensure that external Striver stakeholders also understood this strategy. “You tell them the
strategy is we’re going to stay focused, we’re going to be excellent at what we do, we’re
going to have more students, greater graduates, inspiring leaders” (S-CEO). Without
exception, each participant at Striver stressed the significance of the framework and its
strategic focus on quality learning outcomes as the primary factor influencing their decisions.
Strategically Creating Gratitude

Closely connected to the theme of Quality Outcomes was the unexpected theme of Strategically Creating Gratitude that emerged from interviews with participants. The current leadership created an intentional change in the culture at Striver to one that was more open and strategically driven to focus on core learning outcomes and priorities that would instill in students a sense of gratitude for the quality teaching, learning and research made available to them. Participants described the recent approach as different than the culture that shaped decisions in the past. “The biggest shift may be in the culture, and this is something accelerated with (the dean)” (S-Prof). Others also emphasized the change in culture. “It’s changed dramatically with the current dean…it’s becoming much friendlier, and more collaborative…from what it has been in the past (S-IT).

Just prior to the transition to the current dean, there was significant concern about the external environment and the potential impact of online education. “There was a lot of anxiety in our school…a sense that we’re gonna have to cut costs, we’re gonna have to find new sources of revenues” (S-Leader). It was at this time that the relatively new dean introduced the framework at a faculty-staff meeting by saying “what we need to do is not panic, but we need to think hard about who we are as a school and what does a degree from Striver mean” (S-CEO). Stemming from this initial introduction, the framework was said to have “sparked a conversation about teaching and learning within our school” (S-Leader). By leveraging the external environment, the values of the institution, and the internal concerns, the new dean was able to provide a solution to a perceived problem that resonated with the college faculty and staff. “We decided that as a school we’re gonna be strategic about this online stuff and everything else we do with education” (S-Prof). This change in culture was driven by the dean. “(The dean) has a vision and a programmatic way to look at the whole curriculum --the framework initiative” (S-IT).
In addition to the strategic focus on quality learning already discussed, this new vision had a strong focus on collaboratively moving ahead in order to achieve greater gains. The dean seems to have been intentionally focused on ensuring that the faculty and staff at Striver felt the need for change. “People are very interested in upside potential and then somehow we have organized ourselves so the downside potential is always very small” (S-CEO). The dean’s initial strategy was to ensure that faculty believed they needed to change and then to introduce a solution. “My first five months the only thing I talked about was how bad things were and I offered nothing else…and I think in the end the reason that people jumped on board is because they felt we’ve got to do something different” (S-CEO). This catalyst for change may have also resulted in changes in the staff, resulting in a group that was aligned with the future strategy. “I don’t know of anybody else that’s been over there (business school) very long. It’s kind of been turning over as well. That’s one thing the dean has been doing here in the school, he’s kind of been shaking things up” (S-IT). One nuance of the changed culture was that it was a more structured and centralized approach. One participant described the tension between the old and new culture as:

If there’s no integrated strategy, you just get stuff popping around….I think that’s really a big shift that is in the works that (the dean) would like to have even be more true and I think he gets frustrated sometimes…and I think some of the individual faculty and departments get frustrated that it’s constraining on us compared to what we used to do. (S-Prof)

Also critical to this theme of Strategically Creating Gratitude is the focus on student gratitude. All participants indicated that there had been a considerable change in the culture at Striver that was driven by the framework as a way of being strategically focused on quality outcomes and creating gratitude. The idea of creating gratitude was a way of conveying the connection between the value that students received and the research-mission. It was
described as a means for understanding and communicating this value, both internally and externally. As stated by one participant “It was more about how do we differentiate ourselves? I mean what is special about us …that wouldn’t be something that every other business school would say that they also do?” (S-Leader). The framework became a symbolic reference point for Striver constituents and decision makers to “stay true to who we are, to produce inspiring experiences and generate success and gratitude for interaction with a researcher…then everything flows from there” (S-CEO). The extent to which the idea of Strategically Creating Gratitude took hold was significant and can be summed up by the following comment “…taken a life of their own, the framework, actually… not just because of what it is for learning outcomes, but because people find it useful…it’s become a convenient way to talk with one another” (S-CEO).

**Secondary Themes**

Several other themes impacted the response to online education at Striver College, as indicated by the focus that participants placed on a number of other factors. These themes were less prominent and/or pervasive than the most salient themes previously described, yet participants placed some emphasis on them. These secondary themes included a focus on Innovation on the Fringe, Power and Governance, Brand, Organizational Slack and Potential Disruption. Each of these is detailed in the following sections.

**Innovation on the Fringe**

Innovation on the Fringe was characterized as a leadership and/or faculty culture that were experimental, willing to take risks, open to change, or motivated to try new things. This was a theme that emerged regularly when participants described the early initiatives that occurred at Striver College. This focus on experimentation did not permeate the culture, but rather provided the impetus for trying new things on the fringe in the early days of online education. In fact, evidence suggests that Striver was the first of the colleges in the study to
pilot an early predecessor to online education in the 1980s. This innovative initiative was
driven by faculty members who were interested in trying something new. “I’d like to say this
was all part of a strategic plan, but it wasn’t” (S-Prof). Faculty who were highly
entrepreneurial by nature asked the college leadership team for the opportunity. “And I went
to our dean at the time and said, yea, I want to play with this and see what happens. He says,
yeah, whatever as long as you keep doing everything else you’re doing” (S-Prof).

Choices to experiment with early online were not based on an intentional strategy, but
rather allowed on the fringe in spaces where it did not generate risk to the college. “Initially it
was all self-supporting so the decision from the business school was pretty casual because it
didn’t cost the school any money,” (S-Prof). Others also recognized the role of a few
innovative faculty in the early online efforts at Striver. One said, “I have a particular faculty
member who is just leaps and bounds, just pushing ahead doing some fantastic stuff online”
(S-IT). Despite the overall sense that online innovation happened in a historically ad hoc
manner, one participant believed there was an entrepreneurial vein that ran through the
college. “There’s a side of it where we have always wanted to be one of the experimenters”
(S-CEO). Although Striver was potentially the first of the four cases to experiment with
online education, the innovation remained on the fringe and did not diffuse into the core
educational programs.

**Power and Governance**

The theme of Power and Governance was defined as strong governance or control by
either the faculty or the leadership. This was also an important theme that emerged in the
Striver case. One participant described faculty as a group of independent contributors,
permitted to pursue their own priorities. “Faculty are very independent here…can’t really tell
them what they’re gonna teach or how they’re gonna teach it” (S-IT). The faculty governance
structure at Striver was “well defined and we’re actually known for that” according to the
dean (S-CEO). Yet, the dean also indicated that the governance structure was designed to acquire resources and support the faculty, not to develop a strategy that differentiated them from other institutions; and that because of this change in what leadership needs to accomplish, faculty have ceded power to the dean. “So the governance is scared. It wasn’t made for the kind of questions we face today. Now what does governance say? I have all the powers as a dean. Everything, even the tenure vote, everything is advisory to me” (S-CEO).

Despite this strong approach to governance, the dean recognizes her need to influence rather than mandate in order to motivate faculty and staff towards the strategic priorities spelled out in the framework. Power was leveraged through building a vision and incentivizing the faculty to work collaboratively and strategically toward the vision that she created. “So it’s an odd thing where per the text I have all the powers, except everyone has the right to say no. So either they’re fully tenured or their state employees” (S-CEO). To encourage faculty to support the dean team’s vision, a new incentive fund was created to encourage new initiatives that contributed to an intentional implementation of the strategy. “Whenever you say we have millions of dollars in the educational innovation fund, we’re willing to use it for initiatives that will enhance learning, people number one pay attention, number two, they’re motivated, and number three, they have the support to make things actually happen” (S-Prof). Through this incentive and the centralized administration of this funding, faculty who were interested in trying new things were required to work collaboratively with the administration towards this newly shared vision, “So it’s important to build that trust, because it’s still theirs, right?” (S-IT).

Conversely, the act of vetting potential initiatives through an intentional, systematic process was recognized as a restraint that could slow down entrepreneurial faculty who historically had free reign. “I think some of the individual faculty and departments get frustrated that it’s constraining on us compared to what we used to do” (S-Prof). How
decisions were made at Striver varied depending on who the leadership was and the funding mechanisms available. “The difference that I’ve seen is really the level that decisions were being able to be made…What’s interesting right here, I haven’t seen this too much in other universities as I’ve seen it here, it can be very strong at all different levels” (S-IT). Decisions for early online initiatives were based on who was interested in trying something new, technological capabilities and externally available funding. “The decision making has been initially, it was entrepreneurial, capitalizing on the funding source that cared about that kind of stuff” (S-Prof). More recent decisions were made based on the strategic framework and the power that comes from creating a need to change. “My only power is the power of inspiration” (S-CEO).

**Brand**

Another core theme that resonated with most participants at Striver College was classified as Brand and defined as attention or focus on the college’s reputation, brand, and/or rankings. The dimension of this theme that was most salient at Striver was reputation. It was evident in comments from most participants that the current leadership was focused on the reputation of the institution. Their reputation was “something the dean talks about a lot…wants the people from the top schools to want to sit at our table, to learn from us” (S-Prof). When asked directly about rankings and brand, the dean shared several examples of recent publications that featured Striver College. “Let’s talk about reputation first, we were in the New York Times…it was all about Harvard and then there were three paragraphs about what (their school) is doing… my hope is that we will do things that are radical and others will learn from us” (S-CEO).

Rankings were not a key topic of discussion, although one participant indicated that, “There’s a lot of pressure I hear through the C-suite, the dean’s office, about how faculty are very interested and working towards that (rankings)” (S-IT). Others on the leadership team
had a vague response to the question of whether brand and/or rankings impacted their
decision making. She stated that the Striver staff recently completed a brand discovery
process that was launched earlier in the year, but she “(didn’t) know all the terminology” (S-
Leader). It was surprising that brand, rankings and reputation were not a more prominent
theme across the participants. Aside from the participants’ comments above, there was little
focus on Striver’s brand, reputation or rankings; and the responses to questions of brand
generated minimal, albeit mixed responses. This was an interesting contrast to the consistent
comments about the framework.

*Organizational Slack*

Another secondary theme that impacted Striver’s response was organizational slack,
defined as a focus on either the availability or lack of resources and capabilities. Early
initiatives in online education happened when and where faculty was able to identify
capabilities outside the college. One participant stated that “(online initiatives) just spring up
wherever they can, wherever there’s the resource” (S-IT). Another reiterated the significance
of organizational slack for experimenting when she said, “initially, it was all self-supporting
so the decision from the business school was pretty casual because it didn’t cost the school
any money,” (S-Prof). When university resources for technology initiatives were eliminated,
incentives were no longer available to fund initiatives outside the college’s core priorities and
the ability to innovate declined despite positive learning outcomes and feedback from
students. According to one participant:

> We evaluated learning by doing assessments in the live course and the online course,
> and the online course would always be at or above the learning numbers as the live
course. The course evaluations were always at or above, you know, it had a really
good, positive run until recently when it wasn’t well maintained. (S-Prof)
Through the few online initiatives implemented on the fringe at Striver College, the dean’s team realized the extent of resources needed to create quality online offerings. “We’ve learned as we’ve experimented just around the edges of online that it’s a really, it’s a costly undertaking to create…creating it and creating a quality program is difficult. It’s time consuming. We’re a very small school in terms of staff, faculty” (S-Leader). As a result, the dean’s team leveraged the framework as a way to implement a strategic process for determining how to determine the right balance of online and face-to-face for the right populations of students and faculty. Limited resources were a stated restraint that prompted this intentional strategy. “Need to do sort of a trade-off calculation and see what we would be giving up” (S-Leader). In addition, one participant commented on the challenge of influencing a broader base of faculty and the trade-offs for them. “Our experience showed us how hard it is, was, to do this and how little it’s rewarded” (S-Prof). As a result, an intentional focus on understanding the college’s priorities and the external marketplace, then leveraging their resources in the most appropriate way developed into a compelling strategy that the college faculty and staff rallied behind. The current dean helped to shape this prioritization. “So given that we did not have the capabilities to be the first mover, what’s the point? I’d rather, and that I think maybe is a message from the previous leader and from me, but I’d rather stay focused … where I can see a path to sustainable competitive advantage” (S-CEO).

**Potential Disruption**

The theme referred to as Potential Disruption was relevant at Striver in two separate and distinct contexts. First the impact of online education, and in particular MOOCs, was perceived by many at the college as a threat to the college’s sustainability. “There was a lot of anxiety in our school about, well, what are we going to do? Are we going to be put out of business” (S-Leader). The dean’s response was that Striver needed to be strategic and
intentional about how to respond to environmental factors, including new technology. According to a top leader at the college, the dean argued that “what we need to do is not panic, but we need to think hard about who we are as a school and what does a degree from (us) mean” (S-Leader).

In addition, one participant in particular was very focused on the disruptive potential of technology. “I think they were ignoring it mostly… I don’t want to sound elitist, but I think there is a divide” (S-IT). Her concern was directed at previous leadership and faculty who she felt underestimated the disruption. “I think that anybody who doesn’t has got their head stuck in the sand, so to speak” (S-IT). On the contrary, there was a sense that the current leadership was aware of and working towards innovation. “This dean and many of your folks that are looking towards the future understand that IT is going to be critical in order to be able to leverage and do the things that they need to do” (S-IT). There was also a sense that the leadership team recognized the disruption as more than just a temporary distraction. “Well known international brands were putting courses, entire courses, online for free and what was this going to do to other universities? So this was no longer a, you know…low class carrier kind of no frills thing” (S-Leader).

On the other hand, there was also a sense that what was offered at Striver needed to be distinctive, both to align with the framework and to provide a sustainable advantage for the college. Participants viewed Striver’s online initiatives differently than other institutions, seeing their own as superior. “I’m not sure it’s really that relevant to what we do…It’s very different, what we deliver here versus the University of Phoenix. Different, we’re doing several different approaches” (S-CEO). Others mentioned a perceived difference in the level of threat inherent in online, in part based on the type of student experience expected at online institutions initially. “I think they were ignoring it…they’ll take out the people who want, kind of the associate type degrees but not necessarily the full four-year, higher ed type
experience” (S-IT). It is evident that participants were aware of the emergence of technology-enhanced and online education, yet there was variation in how participants felt about the potential impact on Striver or the industry.

**Notably Missing – Market Growth, Peers and Legitimacy**

Noticeably absent as a driving force at Striver was a focus on Market Growth. None of the participants referred to market needs, revenue growth potential and/or a focus on enrollment growth with any emphasis. Whereas in other cases, a focus on the market was one of the most relevant factors that emerged, at Striver, there was virtually no mention of this.

Secondly there was little focus on Peers and Legitimacy, as determined by attention to what peer institutions were doing. When the subject was specifically broached, individuals did have awareness of other institutions, yet there was no evidence that Striver’s decisions were driven by actions or awareness of peer or aspirant peer institutions. Finally, there was not a focus on internal resistance to change at Striver. I had anticipated that a stated reason for not implementing more online would have been a voiced concern regarding the legitimacy of quality and this was not evident at Striver.

**Case Two – Striver Summary**

Striver College was the case with higher endowments (organizational slack) and lower rankings (more of a performance - aspiration gap), representing the lower right quadrant of the study’s design matrix. The most salient factors in how the college leadership responded to the potentially disruptive innovation of online education were Quality Outcomes and Strategically Creating Gratitude. Quality Outcomes was an expected theme, defined as a focus on quality of learning, student outcomes, or student satisfaction. Strategically Creating Gratitude was a theme that emerged uniquely at Striver, defined as an intentional effort by leadership to influence the culture towards core priorities that drive
student gratitude. The leadership intentionally created a vision that incentivized the faculty and staff to think carefully about their approach to teaching and learning as a way to drive gratitude for the quality learning experiences at Striver. This pervasive strategic focus became a primary driver in the current decision making process.

In addition to the core themes mentioned above, Striver’s decisions were driven by several secondary themes including Innovation on the Fringe, Power and Governance, Brand, Organizational Slack, and Potential Disruption. For example, when a precursor to online education first emerged, one faculty member was particularly entrepreneurial, identified resources outside the college, and was allowed to “play” with innovative technologies on the fringe. The themes of Market Driven and Peers and Legitimacy did not emerge in a notable way.

It is important to recall that Striver was selected to represent the matrix quadrant of higher endowed (more organizational slack) and lower ranked (more of a performance – aspiration gap). The higher endowed determination was based on the college’s level of endowments in comparison to other potential college cases considered. Participants at Striver, however, referenced their constrained or limited resources multiple times, suggesting that their sense of their own available resources was not necessarily aligned with the assumptions for this study.

**Case Three: Maximizer College**

**Context**

Maximizer College is located in a college town in the Midwest United States. The campus largely defines the community, serving as a major source of employment and activity. Master’s degree enrollment was nearly 1,500 according to the AACSB survey completed for the 2013-14 academic year (“AACSB Membership | Member Listings,” n.d.). Endowments for Maximizer College averaged over $125,000,000 for the 2011-12 and 2012-
13 years (AACSB data, provided June, 2014), putting them in the lower category for endowments compared to the peer set used for this study. A review of *BusinessWeek* rankings of MBA programs showed that Maximizer was consistently ranked in the top 25 since the rankings began, and placing in the top 20 most of the time. Accordingly, when compared to other cases studied for this research, Maximizer College had lower endowments (organizational slack) and higher rankings (less of a performance - aspiration gap).

As stated earlier, a college’s website generally gives a glimpse into the priorities for that institution. Maximizer College’s website touted top rankings in two of the four featured stories on their main college page. Exploring deeper into the site, the dean’s welcome stressed their students’ ability to grow, achieve and persevere. The first business course at Maximizer was offered over 150 years ago, yet the original business school was founded roughly 100 years later. Emphasis is placed on recruiters’ satisfaction with Maximizer students.

The current dean at Maximizer College had been in that role for a few years, and was formerly a faculty member there. Prior to the current dean, each of the last two deans served in that capacity for close to ten years. It was under the first of these three deans that the first online graduate program began in the late 1990s. At the time of this study, Maximizer offered several fully online graduate degree programs. It is important to note also that Maximizer had two separate campus locations – the one on their main campus and the other offsite, referred to here as Fringe Campus.

Maximizer was early to the online higher education marketplace. This early entry was broadly attributed to corporate partners who requested that Maximizer create an internet-based option for their corporate-sponsored students, and then paid for their employees to join the program. After being presented with the idea, the dean at the time supported it, housed it at the Alternate Campus and won faculty approval for it as an experiment. Resistance was
raised by some senior faculty and the full-time MBA program chair who were concerned primarily about what this would do to their brand reputation. The concern of brand erosion was complicated by a recent drop in full-time MBA program rankings, which continued during the early years of the new online program.

Despite this resistance, the program was launched as a limited offering to the small set of companies who requested this alternative format. The new online program initially produced positive feedback from students and employers, and additional companies became involved encouraging their employees to attend. Within a two year period, the online MBA was opened up to the general population. For approximately ten years, Maximizer’s online MBA enrollments grew strongly and quickly. Faculty and administrators generally felt that the program was successful at delivering positive outcomes for students and employers, meeting a market need, and generating revenue for the college and the faculty.

**Participants**

The study included five participants from Maximizer. As with all cases for this study, initial contact with the college was made through the dean’s office with a request for support. Unlike the other cases, the dean’s office did not respond, despite repeated attempts. A colleague of mine then offered to make an introduction to a senior faculty member who taught for years in the Maximizer online program. This person agreed to meet with me and recommended a number of other individuals likely to have information and/or perspective on the college’s decisions related to online education. I leveraged this faculty member’s suggestions and was able to coordinate four additional meetings with faculty and leadership. These participants broadly represented a range of roles within the institution, as well as both historical and current knowledge of the process and culture at Maximizer. Each Maximizer College participant was given a pseudonym that reflected his/her role within the college and was referred to by a female pronoun throughout this case, regardless of gender.
Maximizer Professor (M-Prof) was a tenured faculty member who had worked for Maximizer College since the late 1980s. In the late 1990s she was asked to develop and teach an online course and agreed to try it. M-Prof continued to teach in the online program as well as to serve in various academic leadership roles within the college for many years. Several years ago she also served as Chair of the Teaching Excellence Committee where one key consideration was how to interpret and compare teaching evaluations for online versus classroom based teaching.

Maximizer Administrator (M-Admin) worked as an administrator and teacher at the University for many years then moved to an administrative role within the college nearly 20 years ago. M-Admin understood that the opportunity to offer an online program initially was a solution to a problem in the marketplace that was encouraged by the leadership at the time but resisted by faculty. She herself was not a proponent of creating an online program initially, but later transitioned into a role that primarily focused on legitimizing and standardizing the administrative aspects of the program so that they were better managed and integrated into the Maximizer system.

Maximizer Leader (M-Lead) at the time of the decision was the faculty chair of the full-time MBA program, and was self-described as one of the leading skeptics, citing concerns of brand diminishment and cannibalization. Several years after the initial program launch she became the former dean at Maximizer, serving in that capacity for close to ten years. Over time, M-Lead changed her perspective on online education after doing guest lectures where she found students to be engaged and motivated, and that the program outcomes were positive. She is now serving in a leadership role outside Maximizer College, but still within the university.

Maximizer Initiator (M-Initiator) was the faculty chair of Maximizer’s part-time MBA and was described by her colleagues as a visionary in the online marketplace. In 1997
she had just been granted tenure when she was approached by corporate clients about the possibility of creating an internet-based solution for working professionals trying to complete their degree despite work-related travel and transfer needs. M-Initiator broached the idea with the dean and was told to “go for it”. This led to her transition into the role of faculty chair for this new initiative, and she launched it in the late 1990s as a customized corporate program available only to the involved companies’ employees. Two years later, Maximizer opened up the enrollment to any qualified individual.

Maximizer Chair (M-Chair), at the time of the decision, was a junior faculty at Maximizer’s Alternate Campus. Her initial involvement was playing a part in the curriculum development, and she began teaching in the online program in 2002. When the decisions were made to offer the online program she was not hesitant, but rather, saw it an opportunity to generate revenue and try something new. M-Chair acknowledged that between 2000 and 2008 Maximizer’s rankings fell and that she was brought into the full-time MBA to help. She was recently asked to chair the Online Initiative based on the dean’s concern about new top-ranked competition entering the market.

**Most Salient Themes**

At Maximizer the top three themes that influenced their response to online education were a Culture of Innovation, Leadership Navigating on the Fringe and being Market Driven. As with the other cases, the theme Market Driven was defined as a focus on market needs, revenue generation and/or enrollment growth potential. Innovation was also found to be a strong theme in other cases, generally characterized as leadership and/or faculty that were experimental, willing to take risks, open to change and/or motivated to try new initiatives, although the intentional distinction here referenced a widespread Culture of Innovation rather than Innovation on the Fringe, as was true in other cases. The theme defined as Leadership
Navigating on the Fringe was unique to Maximizer, and described powerful leadership adept at navigating the politics and the college system to accomplish goals.

These top three factors were followed by an important emphasis on Legitimacy of actions both internally and in relation to their Peers. A focus on their Brand reputation, rankings and perception was also a powerful factor. Less influential was a focus on Organizational Slack or Student Outcomes, although each did come up in several discussions. Virtually non-existent at Maximizer was the theme of Contentment, defined as a faculty culture that was generally non-experimental, risk-averse or resistant to change. Each theme is explored in detail below.

**Culture of Innovation**

At Maximizer, one of the most dominant factors that drove the response to online education was the Culture of Innovation, broadly described as one where faculty and administrative leaders were visionary, forward thinking, experimental and/or willing to take risks. Additionally, a focus on faculty and/or leadership motivation, satisfaction or incentives was an important variation to this theme. Aspects of this theme emerged consistently across participants. First, several indicated that the college was known as innovative. “To put this in perspective of the culture that we have at the business school…we had a long history of being fairly innovative” (M-Lead). “The school has always tended to be more innovative than the university” (M-Initiator). Another participant referred to their alternative campus as the one that was “considered to be sort of a hub of entrepreneurial thinking as a school” (M-Chair).

Even more consistent was the idea that the leadership encouraged exploring new and untested opportunities. This factor was referred to consistently by each participant in different ways. “It seemed logical. I mean a new technology comes around and what do we teach our MBAs? We teach our MBAs to embrace it because new technology will make you obsolete” (M-Chair). Also, the idea of not missing an opportunity underscores this focus. “We bought
an option. We just said, you know, if this takes off we don’t want to miss it” (M-Lead). One participant shared their awareness of what was happening in the book industry based on Amazon’s entry into the market, which resulted in “we often talked about not being Amazoned” (M-Lead). Closely associated with this concern was an experimental focus from the top leadership team in regards to the potential of online education. “Was a lot of mystery of what is the implication of the internet and we didn’t want to miss that…just curiosity of let’s get on this boat and see where it takes us” (M-Lead). While the leadership was indicating that they were curious, others felt that the decision was forward thinking. “(The dean) was very strategic and she could see the writing on the wall” (M-Prof). Having been presented with a potential opportunity, the dean and her leadership team pursued and encouraged the initiative. “The dean at the time…asked me to develop a proposal and I did and faculty accepted” (M-Initiator). Another participant stressed this focus on innovation even more succinctly: “The dean was very much into experimentation so I think she was attracted to trying something new….she was truly interested in the possibility of something different” (M-Admin). Those faculty involved in the early initiative were also described in this innovative way. “There’s always a subset of faculty that are willing to do some different stuff” (M-Chair). “And the dean gave them some money and said go for it” (M-Chair). “So a lot of very creative things happened under her tenure that were driven by a single faculty member” (M-Admin).

This entrepreneurial approach was also recognized as having a potential risk, and participants expressed varied opinions on how disruptively they viewed online education. In hindsight, the participants generally indicated that the college leadership was forging into uncharted territory and accepting risk without having clear expectations for the outcomes. “No one foresaw, I mean seriously, no one Cheri, 15 years ago would have said one of our, in fact now our star program… was going to be the online program” (M-Admin). Others also
described a sense of the unknown. “No one knew at that point in time what an online course would really look like, how you could deliver meaningful content…get (online students) the support needed” (M-Admin). When asked if they viewed online education as a potential disruption, the responses varied depending on the participant’s perspective. M-Admin implied that the program was disruptive because it was early to the market. “We were probably…one of the only disruptive online programs because we were out there so early” (M-Admin). Another participant felt that both the decision (from an organizational perspective) and the program (from a market perspective) were disruptive. “It was very disruptive here” (M-Prof).

Incentives also played a role in Maximizer’s early entry into the online higher education market. The leadership authorized additional financial compensation that went directly to the faculty who got involved. “So the first I hear about it is M-Initiator pops into my office and says hey, you want to teach online and I’m like I don’t know anything about it. She goes $8000, that was the original thing. I said all right, I’ll try” (M-Prof). “We used development money, paid them (faculty) a premium, and that’s how we got into the ball game” (M-Chair). By offering additional compensation that went directly to the faculty, Maximizer was able to provide the leverage that was needed to get the new initiative started.

**Leadership Navigating on the Fringe**

The blended idea of strong leadership navigating the system was a thematic factor that emerged strongly at Maximizer and not at other colleges. This combination of strong power through the dean’s office, combined with what seemed to be an astute awareness and ability for accomplishing objectives by working through, and potentially around the system was an important force that enabled early adoption of online education at Maximizer. Many comments from multiple participants described this phenomenon. “(The dean) wanted this program to get approved” (M-Admin). Some saw this strength in the leadership as an
effective and appropriate approach. “Long history of dean leadership that is both strong and transparent; and so largely, you don’t see floor fights” (M-Lead). Others saw this use of power as perhaps outside the scope of the institution. “But it turns out the rules are much more flexible at the dean’s level, she can do what she wants” (M-Prof). Regardless of the perception of how appropriate this leadership power was, the evidence of its significance came through loud and clear.

The strong leadership approach also provided the means to influence faculty in ways that helped overcome the faculty’s concerns and get them on board. “I actually gave a presentation and said look, there’s a lot of evidence on branding that would suggest that as long as what you do is of consistent quality to what you do let’s say in the residential classroom, it’s high quality, you’re gonna be just fine. And the faculty bought it” (M-Lead).

Part of this ability to navigate was also driven by the recognition that experimentation is often better received when it is on the fringe. “Our dean wanted us to give it a shot, but she also was pretty confident that we had to do it as a pilot” (M-Initiator). Other participants referenced this approach of getting buy in from faculty. “She was also confident that we had to do it as a pilot…we started talking to the faculty that we were gonna admit two cohorts and come back to them” (M-Initiator). Yet another participant recalled that the dean framed this initiative as “just an experiment…it’s not going to change anything in Maximizer because we’ll just drop it after a couple of years” (M-Admin). And again, “Maximizer has a long history of just doing experiments, and if they work, they work; and if they don’t, we didn’t throw a lot of money in it right away” (M-Lead).

Other participants described the dean’s approach as more secretive. “Only risk was to the reputation of the dean, cause you go to all this trouble of basically sneaking behind everybody’s back…I think it would have just went on her head and she was strong, willing to accept it” (M-Prof). Similarly, other participants referenced this sense of “It was secretive,
and I’m pretty sure the people who made the decision were pretty confident that had they took more people in and took it to a vote it would have gotten voted down” (M-Prof).

Leveraging the Alternate Campus was also an intentional strategy. “And so the people you would have had to talk [to]….the alternative campus faculty who had much less clout than the Main Campus faculty” (M-Prof). The Alternate Campus was a way of distancing the initiative from what was generally viewed as the main institution. As one participant put it, “the decision was to house the program out of our Alternate Campus” (M-Chair). This distancing provided a means for framing the online program as outside the core institution, thereby downplaying its significance and its potential impact for the main campus faculty. “The main school kept this hands off approach because, hey it’s an (Alternate Campus) program, until the program got really big and important” (M-Admin).

The decisions made led to what could be considered an emerging strategy which leveraged an opportunity to see where it would go. “We made incremental decisions, logical decisions, and away we went” (M-Lead). “It turns out that maybe it was a little bit the charm of the internet and the fact that the school at the time was in a more financial crunch, so I think there were factors that influenced it and the same playbook hasn’t worked” (M-Initiator). The reference here to financial constraints as a driver for change supports the idea that Maximizer may have embarked on a problemistic search to resolve a financial performance gap.

*Market Driven*

Another thematic factor that influenced Maximizer’s response was being Market Driven. Market Driven refers to a focus on market needs, revenue generation, and/or enrollment growth potential. When the opportunity for online education first emerged, Maximizer participants were not only aware of the technological possibility, but also closely connected to the marketplace. Their existing partnerships with corporations in their region
and beyond served as a catalyst for exploring new alternatives to a market problem. “We’ve always had a lot of executive education work with major companies (who came to us and asked) what do you think about trying to offer some kind of a blended program…would you consider doing part of it online?” (M-Lead).

Maximizer had a strong pulse on the market needs from the student perspective. They listened to the feedback and concerns, and had an interest in being responsive to students’ changing demographics and needs of working professionals in particular. One participant described a typical interaction with a student who was offered a promotion that would require them to move. “So I’ll lose you know, 24 credits and that’s terrible and I agreed with them. And so this was the problem that we just kept on facing…That was really the beginning, trying to solve that problem for the working professional” (M-Initiator). By being aware of market trends, they were able to consider alternatives that could address future needs. “And so along comes online and it fits in perfectly with a world that has become accustomed to mass customization…It fits in with the way we live today” (M-Lead). For Maximizer, the possibility of an online degree emerged from these market needs. “Logical progression in our thinking from how do we help our students in effect do distance to how do we just deliver the whole program online” (M-Initiator).

Out of this connection to and understanding of the market was the realization that there was a potential to expand their market to a larger population. “We realized that we could provide a broader solution to many people because we just had confidence that our program is very good and that it would be better for someone to get a part time MBA from Maximizer online” (M-Initiator.) From this concept came the sense that there was a large potential for enrollment growth. “We just believed that there were enough people out there across the country that had the profiles we wanted” (M-Initiator).
Closely tied to enrollment growth was a focus on revenue generation as a driving factor. To some, this was somewhat masked initially. “There were real business reasons for doing this, but if you think back to the beginning, a program with 14 students is not a real money maker” (M-Admin). And yet there was still an underlying awareness of the possibility for significant revenue growth. “One of the main reasons for doing them (online degrees) is it’s the wave of the future and they’re gonna be huge income streams” (M-Admin). This potential for revenue was particularly relevant for those at the Alternate Campus because they were responsible for their own financial viability. “(Alternate Campus) did its own P&L (profit and loss statement), so that there was a financial incentive to it too” (M-Chair).

Being Market Driven put Maximizer in a position where they were connected to and aware of the market needs, and poised for increased enrollment revenue. As the limited corporate program gained success and demand increased, Maximizer continued to leverage the market opportunities. “The money was nice and it grew exponentially quickly so that’s how, it’s sort of like why not make this public” (M-Chair). The future vision may well have been described as, “Here’s this big school in a little college town able to draw 1500 – 1700 MBA students from all over the world” (M-Lead). Although the future results were unknown at the time, there was a clear desire to go after the market and see what happened. “Probably the intent was just to ride it as long as, to whatever limits it might have” (M-Prof).

**Secondary Themes**

The three most prevalent decision factors at Maximizer were described as a focus on Culture of Innovation, Leadership Navigating on the Fringe and being Market Driven. Two other important themes emerged from the study as relevant. There was ongoing attention on Peers and Legitimacy, as well as a strong focus on Brand, and more specifically, rankings.
Peers and Legitimacy

Most participants discussed or compared themselves to Peers, although as an early adopter of online education, the role of peers took a different course. “I mean, you know, the competition was out there, but we were always sort of ahead of, at the head of the pack” (M-Chair). There was an awareness of who was in the market yet this awareness did not seem to influence decisions. “We didn’t think about it at all and we didn’t care. It didn’t matter to us what other schools were doing …we really did not care what other schools were doing at the time” (M-Initiator). Maximizer seemed to take pride in being an early adopter. “At the time, (we were) the only top 20 MBA that you could get online” (M-Lead). One participant was quick to add that although peer actions did not impact their decisions related to the online degree they created, peer actions mattered for other programs. “It doesn’t mean our school never pays attention to what other schools do for some of our products…the residential MBA program pays great attention to every other school in the top 20” (M-Initiator.)

Internally, Maximizer worked to legitimize the online teaching and learning to overcome resistance from faculty. “To validate and to bring credibility of the effort, we recruited our senior tenured teaching faculty to teach in the program” (M-Chair). “We wanted the program, our program, to be integrated into the administrative structure of the school. We didn’t want to be separate” (M-Initiator). Efforts were made to increase faculty buy-in by providing them with research that focused on how students learn. “They like evidence, and we went…into the field of education and higher education to look at the research on learning” (M-Lead). By providing evidence of positive academic outcomes, the Maximizer leadership helped faculty become more accepting of the online academic experience. Moving the program from the alternative campus onto the main campus was another way of legitimizing the effort internally. “Brought into the fold because before it was very much the black sheep of Maximizer… they (faculty) were highly distrustful of the (program)
management” (M-Admin). Specific comments were made regarding the differentiation between Maximizer and the for-profit online programs in the market including, “The concern was gee, are we going to be equated to, with University of Phoenix” (M-Lead.)

The legitimacy of Maximizer’s online initiative was questioned outside the institution by peers and by their own students. “And our competitor schools, according to prospects who were considering us, were telling shared prospects that we were not a bona fide program” (M-Admin). Students in the program pushed to overcome these concerns, in part by rallying to have their certificate branded as the main campus rather than the Alternate Campus. “So for a number of years students were furious and lobbying to get the certificate to say just main campus…and that did eventually happen” (M-Prof). Employer acceptance of online education also mattered. “It legitimized the market and recruiters, employers became more comfortable with it when they saw brand schools come into the market and it wasn’t just the for-profit schools like Phoenix” (M-Lead). Maximizer took strides to ensure that the external population perceived a difference between their program and others, and they focused on the quality of faculty involved. “We wanted to make sure we were differentiated from the for profit sector who was getting involved in this. It was a quality assurance stamp. It still is” (M-Admin).

**Brand**

Closely aligned with the thematic factor of Peers and Legitimacy was the focus on Brand reputation, recognition and rankings. Rankings in particular were mentioned consistently as an important consideration in Maximizer’s response to online education. “Part of the strategic decision might have been to capitalize on the other programs’ high rankings, that there’d be spillover in the brand, cause we’ve been talking about brand since the day I arrived here” (M-Prof). Another participant echoed this focus on the Maximizer brand. “The MBA program had always been in the top 20 for BusinessWeek” (M-Lead). It was suggested
that this positive brand presence helped to encourage the leadership to move into the online marketplace. “Having high rankings gave us the prestige to go launch” (M-Prof). Being early adopters in a new market, and having a positive brand perception did provide an advantage when *BusinessWeek* began to rank online programs. “So as soon as *BusinessWeek* started ranking online programs…they probably only had a top 5 and we were gonna be in that all the time” (M-Prof).

Resistance to the online initiative was also largely driven by the potential to negatively impact the Maximizer brand. “Somebody suggests that you do something the University of Phoenix is doing but it’s not something that UC-Berkley is doing, or another top school, you’re like I don’t want anything to do with that. That’s why we were concerned about brand diminishment” (M-Admin.). To overcome the faculty concern about brand erosion based on the online initiative, the leadership looked to research in this area. “There’s a lot of evidence on branding that would suggest that as long as what you do is consistent quality…you’re gonna be fine” (M-Lead). Participants indicated that recently all of the programs at Maximizer have improved. “Last year all of our programs went up in the ranking” (M-Chair). “It was more about, really, is our brand quality going to be perceived negatively, poor, weak” (M-Admin).

Overall, the focus on Brand perception and Peers and Legitimacy played an important role in Maximizer’s response to online education. “(Brand) is critical – and that’s part of the value proposition” (M-Initiator).

**Notably Missing Themes – Organizational Slack, Quality Outcomes, Contentment**

A number of areas expected to be salient did not emerge as dominant themes at Maximizer, including Organizational Slack, Quality Outcomes and Contentment. Each of
these areas was mentioned by some participants, but was not an apparent driver in the response. Details to support these observations are provided below.

Organizational Slack referred to a focus on either the availability of resources to support or limitations that prevented Maximizer from pursuing online education. A few participants mentioned resources that were available to them. “Technology was available…if we would have had to pay out of pocket that might have ditched the whole thing” (M-Prof). Also, the idea that faculty were being incented to get involved helped provide the teaching resources needed. “Maybe if they couldn’t get anyone to staff it, they might not have announced it” (M-Prof).

Two distinct sources of organizational slack were attributed to the initiative. The first was directly related to the Market Driven focused discussed previously. “So we were able to finance it largely through some corporate contacts” (M-Lead). By leveraging increased revenue that would fund the initiative, organizational slack was not a significant force. The second source was directly related to Leadership Navigating on the Fringe, also discussed previously in this case. “The university is tightly budgeted except when it isn’t and then there’s enormous amounts, piles of cash floating around discretionary accounts” (M-Prof). These comments underscore the idea that institutional resources and capabilities were a consideration, yet not one of the most significant factors in how Maximizer responded to the potential of online education.

Quality Outcomes referred to a focus on the quality of learning and educational outcomes for students and/or attention to student satisfaction. At Maximizer, this was not a salient theme that can be differentiated from those already mentioned. When a focus on student outcomes was mentioned, it was tightly connected to both brand (rankings) and the market. “The MBA program had always been in the top 20….it turned out that wasn’t a serious concern… employers are very comfortable hiring students who have an MBA online
from an online program that’s well known, that’s well regarded” (M-Lead). Similarly, “the biggest issue for us would have been whether or not we….would be able to deliver a program that we were proud of and secondly….if we could attract the right quality of students into the program, and then the third would be upon graduation were we making a difference in their careers” (M-Initiator). Aside from these specific comments, other references that could be attributed to Quality Outcomes have been addressed.

A final area that did not seem salient at Maximizer was Contentment. For the purpose of this study, the theme of Contentment was defined as faculty or leadership that is not experimental or interested in taking risks. As stated, the overall culture at Maximizer was open to innovation and change, so it was not surprising to find Contentment was not a dominant force. However, there were initial pockets of resistance that should be noted. For example, one participant described a coworker that “felt that this was not a good idea, that this would cannibalize the residential (MBA) program, that it would break the model” (M-Prof). Others indicated that this resistance was initially wide-spread. “Most people in the school were opposed to the whole idea of an online degree” (M-Admin). Another reason given for the resistance was that it could be perceived by faculty as undermining their self-worth. “I think there was just under the surface some fear of what does this mean for me, I’m a good teacher, can I teach in this new environment” (M-Lead).

The resistance, however, was overcome quickly at Maximizer, and the explanation was outlined in detail in the preceding sections of this case. To reiterate, an overall Culture of Innovation and a strong Leadership Navigating on the Fringe worked to make the leader’s vision for the future a reality despite opposition. “So I think it was pretty safe to say that just a straight up out of the blue vote would have been shot down by a majority of the faculty. So instead, we did it as a pilot and then we gained approval that way” (M-Initiator).
Case Three - Maximizer Summary

To recap, Maximizer College was a top ranked school that became an early adopter of online education. Compared to other cases in the study, Maximizer had lower endowments (organizational slack) and higher rankings (less of a performance - aspiration gap) and represented the upper left quadrant of the study’s design matrix. Three thematic factors were most salient in Maximizer’s response to the potential for online education: Culture of Innovation, Leadership Navigating on the Fringe, and a Market Driven approach. The Culture of Innovation was pervasive throughout both leadership and faculty, and created a willingness to experiment and provide incentives to try new things. Maximizer’s strong Leadership Navigating on the Fringe meant that the dean had the ability to mandate changes and then to leverage the system in such a way that her vision was implemented and resistance was overcome. Finally, Maximizer’s Market Driven approach included knowledge and a connection to the marketplace, an astute awareness of market trends and changing demographics, and a desire to grow enrollments and revenue. These aspects of being Market Driven provided a catalyst for them to consider and to move forward into an uncertain marketplace. Peers and Legitimacy – both internally and externally - played a role as well at Maximizer, as did their Brand. These two ideas were tightly related. Faculty were concerned about how the new initiative would impact rankings. Students were concerned about getting the “real” credential, and competitors tried to undermine the legitimacy of the brand. Finally, Maximizer’s decision was minimally influenced by Organizational Slack or Quality Outcomes, although both of these were underlying themes. Pockets of Contentment were not prevalent and were swayed, ostensibly by the strong culture and leadership.
Case Four: Leader College

Context

Leader College is located in a college town just outside a major metropolitan area in the Midwest United States. Master’s degree enrollment was nearly 1,800 according to the AACSB survey completed for the 2013-14 academic year (“AACSB Membership | Member Listings,” n.d.). Endowments for Leader College averaged over $360,000,000 for the 2011-12 and 2012-13 years (AACSB data, provided June, 2014), putting them above any other schools in the peer set used for this study. A review of BusinessWeek rankings of full-time MBA programs showed that Leader was consistently ranked highly. Accordingly, when compared to other cases studied for this research, Leader College had the highest endowments (most organizational slack) and highest rankings (lowest performance - aspiration gap).

A review of Leader’s website revealed a strong focus on global impact and leadership. Multiple headlines and stories referred to students as leaders who make a difference in the world. Sub-stories focus on the positive difference that the school makes through a commitment to service and action-based learning. Key tenants of the Leader experience include a focus on positive, boundary-less, analytic action, attained through excellence in business education. Other prominent facts tout the school’s strong alumni network, their many student organizations, their faculty, their recognition as a top-research institution, their corporate recruiters, and their consistent top 10 BusinessWeek ranking.

The current dean at Leader College had been in that role for a few years, and was recruited to the top role at Leader having previously served in faculty and leadership roles at other prominent business colleges but without a direct affiliation with the college. The two deans that served previously were at the helm for a combined total of over twenty years. Previous leadership was credited both for radically increasing endowments and for the initial
foray into partial distance learning courses via a program launched in the 1990s as a means to becoming a globally recognized institution. Other distance learning technologies were apparently not pursued until the school leveraged them to launch a hybrid (online and face-to-face) graduate degree approximately ten years later. At the time of this study Leader did not offer fully online graduate degrees.

**Participants**

The study included five participants from Leader. As with all cases for this study, initial contact with the college was made through the dean’s office with a request for support. After multiple attempts to connect with the dean’s office, a top administrator there agreed to meet with me but requested that I not work with others at the college because they had recently been involved in another study. I agreed to meet with the dean and simultaneously explored other avenues for securing appropriate participants. Through these external efforts, I was able to identify three individuals who previously held faculty or administrative roles at Leader but were no longer employed there. In addition, the dean suggested that I speak with a senior faculty member who was very involved in their online initiatives. As a result, I was able to interview five participants who represented a range of roles and perspectives at Leader. Each Leader College participant was given a pseudonym that reflected his/her role within the college and was referred to by a male pronoun throughout this case, regardless of gender.

Leader Admin/Teacher (L-Ad/Teach) was a clinical faculty member and administrator who worked at Leader College initially in the mid-1990s, then left and returned in the early 2000s, serving for several more years. During each of the times at Leader, L-Ad/Teach was instrumental in creating a degree program that was innovative in its use of technology. The initial program leveraged early distance learning capabilities to connect
students and faculty across the world. The latter program featured a hybrid curriculum that leveraged online education alongside face-to-face learning.

Leader CEO (L-CEO) was the dean of a different, well-respected business college before being recruited to Leader and had early career experience at yet another prominent institution. L-CEO was surprised that the topic of online education had not emerged during the search/selection process for the top role at Leader. He was, however, intent on experimenting with technology options on the fringe as a means of ensuring that the college had some exposure and experience with online initiatives.

L-Administrator (L-Admin) was a former administrator and staff member at Leader who served in a variety of admissions and leadership roles for over fifteen years. He had significant awareness and involvement in the decisions Leader made during his tenure there, yet was not comfortable sharing more recent insights. As a result, L-Admin provided a non-faculty perspective on the context and the decision process that resulted in their hybrid degree program launched roughly ten years ago.

Leader Prof (L-Prof) was a senior faculty member in the college who had a passion for learning and an interest in experimenting with new initiatives. He began his academic career in the mid-1980s, having served in a variety of faculty and academic leadership roles over the last several decades. L-Prof’s experiences included early teaching in Leader’s Global MBA that connected students around the globe via synchronous technologies in conjunction with classroom experiences. More recently, the university ventured into a MOOC collaborative, and Leader was asked to recommend someone who would be interested in creating and teaching one of their first MOOC courses. L-Prof agreed to try it, and has been successful. As a result of this initiative, L-Prof has continued to work with the college and the university on appropriate ways to leverage technology for the benefit of the residential students on campus.
Leader Director (L-Direct) was an alumnus and a previous program director at Leader. He graduated from the program in 2000, worked in the corporate world for several years, then served as a program director at Leader for four years. L-Direct was directly involved in the hybrid program and provided important insights into recent decision making in response to disruptions in the higher education marketplace. Recently, L-Direct left the institution to pursue an entrepreneurial career outside higher education.

**Most Salient Themes**

At Leader the most dominant theme that influenced the response to online education was a focus on Brand, as reflected by reputation, rankings and perception. A second related and dominant theme that emerged at Leader (yet not in other cases) was Maintaining Leadership. This theme comprised a widespread emphasis and emerging strategy focused on maintaining their reputation of leadership while keeping “a toe in the water” of evolving technological capabilities. Quality Outcomes also emerged as a highly salient theme, defined as a focus on quality of learning, student outcomes, or student satisfaction. A significant distinction in Quality Outcomes for this case was that it was particularly referred to in terms of the Leader Experience. Peers & Legitimacy was a fourth strong theme, as reflected by a consistent focus on “top schools” as peers and a distinction between Leader and others who were not “top schools”.

Several other thematic factors emerged but were less prevalent. These included an awareness of the need to be Market Driven, Innovation on the Fringe, attention to Power & Governance, and Contentment. Largely not influential as a thematic driver was a focus on Organizational Slack. Each of these thematic factors is explored in detail below.

**Brand**

Across virtually all participants, there was a stated and ongoing focus on Brand, defined here as the essence of being a top ranked institution based on their reputation in the
marketplace, their rankings, and the prestige of their institution. This significance was evident first and foremost in the way that participants discussed how others perceived the institution. Across participants, statements indicated that brand perception mattered, as indicated by quotes like, “How is the reputation going to be perceived” (L-CEO) and “What message does it send to the marketplace if we get rid of it” (L-Direct). Prestigious prominence was stated to be a priority not just locally, but globally. “We wanted to become a premier business school, recognized in the world among the top few” (L-Prof). In addition to an overall positive reputation, rankings were specifically mentioned. “So ratings are a very crude way of measuring things… but if you’re in the top ten in every rating then yeah, now we are talking” (L-Prof). Alumni perceptions were also an important consideration for participants. “Whatever we do we’ve got to be able to justify it to all the alumni as well” (L-Admin). As decisions were made, specific actions taken were expected to influence the brand perception. “But the intangibles of doing it at a more prestigious…sent the right signal in the marketplace” (L-Direct). How the college stakeholders themselves perceived the outcomes of their decisions also contributed. “One of the things that Previous Dean had told us, something to the effect that make this a program we’re proud of” (L-Admin).

Online decisions in particular were filtered through this thematic lens of others’ brand perception and caused hesitation. “There was a concern about if they did all online, what would that perception be, could it have an effect on rankings and all that, because there’s a lot of pressure on that too” (L-Direct). How other schools responded to online innovations was monitored and negatively perceived by influencers at Leader. In speaking of the college as its own entity, one participant stated, “Leader watched that experience…and watched them literally fall out of the rankings. And this was sort of a confirmation to them that you could not deliver the …I am a Leader MBA…experience” (L-Ad/Teach). There was an overall concern about how online offerings would influence the perception of the educational
experience. “Because in the end, if you go for the @MBA that UNC’s offering, you get a University of North Carolina MBA degree. It doesn’t say how you got it, it just says you have it and that is worth more to many people, due to the brand and other things, than you know, brand x small local school” (L-Ad/Teach). These concerns were a key factor in what Leader did not do: “But the biggest stated reason people have (for not doing more online) is, and I think for a school like Leader is, would the market say we’re diminishing the quality of our degree by going all online. And a lot of it is still kinda, purely the prestige of it, or whatever the opposite of prestige is” (L-Direct).

A related aspect of Leader’s brand focus was their focus on the Leader Experience as a way of maintaining the essence of how they were perceived. “There is a general belief at Leader that you need to have the face to face time in order to create a true Leader Experience, that there are elements of collegiality, cohort formation, alliance to the school and other things that needed to be done face to face” (L-Ad/Teach). This attention to the experience as a way of defining the Leader brand was also evident in many participants’ comments. “We do want people to have the social network and team and interpersonal experiences inherent in the core” (L-CEO). The commitment to managing the experience as a part of their brand prevented Leader from partnering with other institutions, for example. “I don’t care whether it’s Kellogg or Harvard or whatever. It’s not going to happen at Leader” (L-Admin). By maintaining ownership of the complete academic experience, Leader decision makers were able to control the brand experience. “The degree programs are what they protect, the experience and how you get them to cling to the mother ship and become loyal sons and daughters of Leader” (L-Ad/Teach). In fact, the Leader Experience was directly referenced multiple times. “Leader Experience, also the educational outcomes that they were looking for, were the two things that they were worried about protecting” (L-Ad/Teach).
A third aspect of Brand that was significant at Leader was their self-perception of Leader as a leader. Again, this idea was evident regardless of the participant, albeit in slightly varied degrees. The self-perception of the institution in relation to public peers was generally positive. “Maybe as a business school, there are other business schools that have gone faster than us, but I doubt if it’s among the public universities” (L-Prof). Those in faculty roles, or working directly with faculty stated this directly. “It’s very countercultural to the way this faculty perceives themselves to our position” (L-CEO). Yet another participant framed the high self-assessment even more directly, “the prevailing thought was the curriculum was great, we’re highly ranked, we’re Leader, we’re awesome” (L-Direct).

Related to this perceived place in the institutional hierarchy, participants conveyed a strong sense that their institution’s prominence would continue. “I’ll be cocky and say University will be the number one, period, because I think I’ve seen enough of both thoughtfulness and nimbleness that I think we will be a leader” (L-Prof). This high self-perception was seen by some as a potential barrier to change. “There’s a bit of arrogance there because it’s been ranked so highly in all of the programs there for so long... It was very, the attitude is we’re Leader so they’ll come” (L-Direct).

**Maintaining Leadership**

Closely related to the dominant theme of Brand, is the second most dominant theme and one that was distinct for Leader – an emphasis and emerging strategy focused on maintaining their reputational position of leadership while at the same time keeping a toe in the water regarding emerging technological capabilities. These themes surfaced strongly at Leader College and were collectively defined as Maintaining Leadership. Specific information from participants that reflect this theme follows.

Participants across the case mentioned an awareness of the technology emerging in the marketplace and recognition that the school needed to have an active knowledge of what
options and actions were happening. “The main point for the school doing it at the moment now is to just sort of have the foot in the water. It’s very hard to be, you know, a fast follower and jump on a moving train when you’re not at least moving forward a little bit” (L-Ad/Teach). The recognition of preparing to follow quickly if they chose to was echoed at the top levels of leadership. “It’s an emergent strategic planning process because the level of readiness and awareness was so low” (L-CEO). Those efforts put forth into online initiatives were stated to be based on perceived necessity or fear. “I mean, online education was sort of a means to an end” (L-Ad/Teach.). “Pure fear motivation. If we don’t jump on this ship we’re never going to be able to reach it if and when we should if it keeps moving” (L-Ad/Teach).

Although Leader was relatively early in the marketplace with distance learning initiatives under the leadership at the time, over the last many years they had not strategically considered technology as a part of the academic conversations. The top leadership focused largely on this recently absent and now emerging strategy. “(Online education) was not on the radar at the school” (L-CEO). There was evidence of a recognition that the college “would have to respond but of course the response, the nature of the appropriate response is highly contextually dependent on what investments the university makes” (L-CEO). At the same time, there was recognition that despite early experimentation with distance learning the college leadership has slowed their technological advancement in online education in the 2000s to focus on other priorities. This change in direction is demonstrated by “let’s get what we do right before we keep going abroad, so the dean at the time took a little pause from the global engagement, but that pause was longer than it should have been” (L-Prof).

More recently, there has been an emerging strategy based in part on the University’s priorities. The central administration at Leader’s institution opted to join a MOOC platform, providing an impetus for exploration into online. “How you pursue online education is a function of what the central apparatus does and your own strategic positioning” (L-CEO).
Faculty also referred to a broader approach, as indicated by one participant’s reference to “strategic reasons of being engaged globally in ways that were economically efficient but without giving up high quality faculty interaction with the students because they were paying the same kind of fees” (L-Prof). These forces align to create an emerging strategy that complements the focus on brand prominence, quality and faculty needs while leveraging new technology. “Pretty clear goals now: faculty engagement, enhancement of the educational experience, productivity improvement, potential for market share enhancement and whatever it is has to enhance one of these goals” (L-CEO).

Interestingly, one participant specifically contrasted the decision making process at Leader in response to potentially disruptive innovation as different from that in the corporate world: “And the decisions were based not on a ton of data, and having come from working at a big corporation we would have mountains of data and you’d plow through it all and you’d have agencies doing studies and all that. (But at Leader) the decisions were made on where’s a competitive market…and just after a lot of discussion, not a lot of deep dive into data” (L-Direct). In other words, “It felt to me that a lot of things were just gut and instinct and feeling” (L-Direct).

**Quality Outcomes**

Quality Outcomes were also a prominent theme at Leader. This theme, like Maintaining Leadership was tightly connected to the dominant theme of Brand. Participants consistently referred to the focus on ensuring a positive educational experience for students and on faculty both in what they did and what they did not choose to do. The distance learning initiatives in the initial global program were driven by faculty to provide a means of delivering in course content in a less concentrated format. During this early entry into distance learning, faculty driving the decisions were focused on ensuring students had a good quality educational experience and sufficient time to assimilate knowledge. “They weren’t
going to leave the faculty out there for the six or seven weeks that they believed it would take to adequately engage people, especially in the more complex courses that required some, as we referred to it, soak time” (L-Ad/Teach.) This focus on the quality of education became an impetus for leveraging synchronous lectures that allowed content to be spaced out rather than concentrated in small windows of time.

A focus on Quality Outcomes was initially a driver for leveraging technology, but in other instances it was a reason for resistance. Faculty often used case-based teaching methods and believed that interaction in the classroom was a critical part of the learning. “And they didn’t see how case-based teaching could be effectively done using synchronous methodologies” (C-Ad/Teach). Many participants commented on the negative quality perceptions related to online learning. “Perception among this faculty is that online education is an inherently inferior brand of education. That’s real clear and I don’t think we’re alone in that” (L-CEO). Others referred to a need for “being engaged globally in ways that were economically efficient but without giving up high quality faculty interaction…so as always it was how do we deliver a quality product” (L-Prof). Concern about interaction in the classroom was consistently cited. “The biggest piece of resistance is how to emanate the cross talk?... It’s that quick thinking on your feet that simulates the boardroom, simulates business, that’s missing from 100% online” (L-Direct).

There was also reference to quality outcomes from the perspective of how students’ processed and benefitted from the experience. One participant recalled a compelling question from an involved faculty member, who asked the group to consider, “What do we need to do so that people are so emotionally impacted by the program personally and professionally so that it’s a joy in them walking across the stage, but then also you know looking with regret that this stage of their life of all their bonding is coming to a close” (L-Admin). This focus on overall experiential outcomes, both professionally and personally were consistent across
participants and reiterated the focus on the “Leader Experience” for current students and to build a strong tie to the institution. Another participant also referred to this focus on quality as a cornerstone of what they did, “as long as we stay focused and not compromising on the curriculum, the faculty and all that, and on a seamless, easy experience” (L-Director).

**Peers and Legitimacy**

Finally, in terms of dominant thematic factors the concept of Peers and Legitimacy was consistently evident in speaking with Leader participants, and the Peers mentioned were consistently “top schools”. Several participants indicated that they watched what Kelley was doing in terms of online graduate education and that later they were very attentive to University of North Carolina’s online initiative. “Everybody (at Leader) looked at UNC when it was launching and thought they’re going to destroy their brand, they’re going to take themselves out of the major running like Kelley did with Kelley Direct” (L-Ad/Teach). Others reiterated this negative perception of those in the online environment. “Earlier the squeeze was from below, University of Phoenix, sorry I don’t think very highly of University of Phoenix if you haven’t realized that by now because their content and their quality wasn’t the same level as Harvard or (our university)” (L-Prof). Participants did not refer to those early in the online market as peer institutions. “As far as fully online programs, I don’t think there were any at the time. You know I think that University of Phoenix’s, those types of programs were out there, but I don’t think they were offering executive MBAs at the time if I’m not mistaken. So I don’t think we really had any truly online programs to benchmark against” (L-Admin). Institutions that were early into the online marketplace were not recognized as relevant. “2010, 2011, 2012 – that (was the time when) the all online was just starting” (L-Direct). Yet, when the University of North Carolina launched their online program, this was considered by some to be disruptive. “There was a fair amount of interest
in what they (UNC) were doing and how it would work and whether they would pull it off” (L-Ad/Teach).

Peer schools were considered to be those in the top ten, and these schools were actively watched in regards to many types of actions. Comments were made repeatedly about what other top schools were doing. In regards to electives, “I mean we had some, but very little (competition) compared to schools of our caliber” (L-Direct). In regards to new program formats, “And at that time, Leader was one of I think there were probably four or five big schools….it was Harvard, Leader, Berkley, Cornell, there was a fifth school that was traditionally in the top ten. That we were unique in that we didn’t have executive MBA programs” (L-Admin). This comparison to top schools was also evident in regards to partnering with other institutions, “And even schools like Booth and Kellogg, they all partner” (L-Direct).

Although Leader was very aware of the actions and resources of elite schools that they considered peers, these institutions’ actions did not necessarily drive their own priorities. “I was aware of them, but I just considered them context to say this is an indicator of the changing landscape… I was aware of them but I don’t think it’s a question of well they’re doing something therefore we have to do it. It’s more of a signal of how the world is changing” (L-CEO). This focus was echoed by others as well. “During the 1990s, I think we did pay attention but we chose not to do what the leaders were doing” (L-Prof). Now however, Leader’s attention had been elevated. “Now what’s happened is Harvard, Wharton, MIT, Stanford, the top schools in our field and those schools are clearly leaders overall are also doing digital so yes, we are wide awake to that” (L-Prof).

**Secondary Themes**

The dominant themes described as Brand, Maintaining Leadership, Quality Outcomes, and Peers and Legitimacy were discussed in detail above. It is also important to
discuss several secondary themes – those that emerged consistently but to a much lesser
degree in the conversations with participants. As noted, these included an awareness of
Innovation on the Fringe in those instances where Leader was innovative, attention to Power
and Governance as a means for what did or did not occur, and Contentment referring to the
risk-averse nature and culture that precluded a push for change. Being Market Driven was
also a reality. Largely not influential as a thematic driver was a focus on Organizational
Slack. Each of these thematic factors is explored in detail below.

**Innovation on the Fringe**

Initially, Leader was an early adopter of distance technology for higher education,
starting their first programs in the early 1990s. At the time, the innovation was driven by a
charismatic leader who was interested in establishing Leader as a global school. “People
thought he was being naïve in thinking he could go so far and starting off in the early 90s but
I think he achieved a lot” (L-Prof). Several years later, a new program was introduced that
leveraged online learning in a hybrid approach, designed to both provide a distinction in the
market and experiment with online technologies. “I think the ability to experiment was
always on the table. And I think that the reality is that it was much easier to experiment with
a smaller group… We were one of the first…programs to do any online and then to do once a
month” (L-Admin). Those involved in the new hybrid program saw the move as relatively
innovative, describing their efforts as “On the leading edge by not having much traditional
face time with students, we had already kind of blazed that trail with the once a month
format” (L-Direct).

These innovations were implemented on the fringe, with the expectation that they
could help test new alternatives that, if successful, could be deployed in other programs. “A
vehicle with which we could experiment with some of the various teaching pedagogy,
curriculum, new innovations, course innovations on a much smaller scale” (L-Admin).
Similarly, a top leader stated there was a “little bit of online learning there, but mostly it was confined to these programs that aren’t our core big program. They’re not the full-time MBA, they’re not the BBA, not the PhD, not the things that people are passionate about” (L-CEO). In this way, the innovations at Leader were considered to be operating on the fringe of what mattered and with the support of those innovative leaders and faculty that chose to participate based on their own interests. A senior faculty member stated simply, “I love this place, but you can’t learn without stepping out of your comfort zone” (L-Prof).

Current technology initiatives are being driven less by a focus on innovation, and more from the perspective of not wanting to be left behind. Leader’s experimentation with a MOOC is an example of this willingness to explore in the interest of maintaining a sense of the emerging marketplace. “We asked our faculty, anyone want to do this, it was really just, does anyone, what we’ve been trying to do is present people with lots of different opportunities” (L-CEO). The decision to offer a MOOC was driven by the university rather than from within Leader College. Leader’s administration was approached directly by a university leader and asked to participate in the initiative. “This is a very initial step. It’s something very new. Could you recommend names of people who would be good guinea pigs, willing to experiment, so my dean…gave my name…I said sure. I’ve always said sure to things I don’t know much about because it’s one way of having fun and learning” (L-Prof). It was in this reactive way that Leader became involved in the next wave of potential innovation. “But we picked it up (MOOC) as part of this larger strategy of let’s get some experimentation going so we can figure out how we’re gonna, what platforms and modalities we’re going to organize around” (L-CEO).

Power and Governance

Governance was a topic that emerged in most participant interviews, and from the discussions it was clear that faculty governance played a strong role in decisions made. The
balance of power in relation to faculty governance also played a role in the timeliness of
decisions. “How fast they turn and what they do sort of seems to depend on how they are
administratively run. Leader was very hard to get any movement beyond what they had
already done cause it had to go through x levels of committees and votes and college councils
and other things” (L-Ad/Teach).

The dean in the 1990s was viewed to have charismatic power and a way of
influencing faculty to move his vision ahead. “(The 1990s dean) was a very charismatic
leader and he always engaged you rather than not…he was very clear on where business
stepped in and where faculty governance was and I really admired his move. Otherwise these
things wouldn’t have happened. It’s as simple as that” (L-Prof). This early leader hand-
picked both faculty and non-faculty staff members who he respected to serve on his
leadership team, but “subsequent deans have been much more traditional” (L-Ad/Teach). By
selecting key influencers that supported his vision, the dean was able to shape the process
more directly than others who followed the traditional protocol.

Decision making and governance at Leader generally involved a vision from the top
and navigating the faculty governance process to gain buy-in from key faculty influencers.
“The faculty was involved in most of these things. Our university tended to be pretty
collegial” (L-Ad/Teach). Similarly, the top leadership confirmed the power of faculty. “The
tradition here is that faculty are engaged in and vote on significant decisions” (L-CEO). “It
was definitely more of a top down approach of you know, let’s appoint this task force to
make a recommendation to the entire faculty” (L-Admin). In accomplishing the leadership’s
vision, faculty buy in was essential. “I could go stand up in front of the faculty and say we’re
doing this and it would be the world’s coming to an end and why are you destroying our
school…but if I get three faculty up there who say hey, we’ve been trying this and it really
works, it will get a different reception” (L-CEO).
Past initiatives that were implemented involved key faculty influencers. “Because they were savvy enough in choosing fairly high-level, well-respected faculty members to be part of the task force, as well as communicating…keeping the overall faculty updated with what was going on, we really had…an unbelievable free hand in designing the program” (L-Admin). Involving top faculty who have the respect of their peers seemed an essential part of the governance process. “High profile faculty who do stuff, work with it and talk to their colleagues are going to be very important in how this plays out here” (L-CEO). Leveraging faculty influencers in this way seemed an important consideration for getting faculty engaged and supportive of new initiatives. “The way faculty governance works here is pretty much faculty are relatively passive until the moment when you start doing something that they thought they should have been consulted on and then people get all upset” (L-CEO).

**Contentment**

Another key theme that emerged as a relevant factor in response to decisions at Leader was labeled Contentment, referring to a lack of motivation for change. Generally speaking, participants shared a sense of satisfaction with the status of Leader, and a concern for unknown or perceived negative outcomes from change. “Mostly they also felt the model was working…they were getting cohorts, the cohorts were happy, the rankings were in the top five, and the feeling was don’t mess with what’s working” (L-Ad/Teach). In response to the question of if they will do more online, “No, they weren’t going to do it because it (hybrid education) works. And Leader really has a protect the status quo, protect what works sort of attitude, so unless something starts going wrong again” (L-Ad/Teach). “But they’re not looking to go bleeding edge like UNC did” (L-Ad/Teach). “I still remember the arm twisting to get some of the faculty who were in that category to do anything online” (L-Ad/Teach).

Contentment was driven also by a generally risk-averse faculty culture. “This is the most risk-averse faculty I’ve ever seen” (L-CEO). “I would say on the risk spectrum, we are
probably over cautious and we should be sometimes but we make mistakes because we are” (L-Prof). “So I think things that are risky tend to be met with skepticism and I mean things that are way, way, less risky than this” (L-CEO). “The school…was fairly risk averse” (L-Admin). Participants implied that this lack of risk-taking was an imbedded part of the culture in the university environment. “Universities are very old, very robust institutions that have survived threats that have brought down many other types of institutions and that tends to lead to a certain sense of this too shall pass” (L-CEO). Another participant stated a similar view. “So again, what I’m finding is that universities are big gorillas which don’t move very quickly and I think there’s good reason for that. You don’t just, universities are made not to go after the most recent flavor of ice cream” (L-Prof). That said, from an innovation perspective, some did recognize the potential downside of an environment that was slow to evolve. “Even top universities like Leader do sometimes become complacent…you know, it’s very easy to get complacent because we always have, student demand is unbelievable” (L-Prof).

Another potentially important distinction at Leader was an overall sense that online education was not a disrupter for them. As indicated above, online trends were not a major topic of consideration in selecting the most recent dean. “This discussion was completely absent from the dean search process, and it was striking to me that it was absent” (L-CEO). When asked directly if participants saw online as a disrupter, they generally did not. “I wouldn’t call it disruptive but technology is everywhere, and teaching and research is also everywhere, so if you don’t engage technology we are kind of at the minimum missing out on a very powerful means of educating people” (L-Prof). “I don’t think most faculty even knew there was online learning going on” (L-CEO). “It’s just sort of part of education. It’s disruptive to the schools that want to ignore it completely” (L-Ad/Teach). There was a sense that Leader’s brand position buffered them from potentially disruption innovations, and this
may explain their lack of attention to the phenomenon of online education. “I also think that the place online education might disrupt schools is the schools outside of the top twenty, top thirty” (L-Ad/Teach).

**Market Driven**

The concept of being market driven, defined as in previous cases as a focus on market needs, revenue generation and/or enrollment growth potential was evident as well. Initially, Leader’s involvement in global distance learning was heavily impacted by market needs. Corporate entities were interested in working with Leader and these relationships helped move towards their vision of being a global leader. “The university had been approached… (The global MBA) was actually a custom executive MBA the first time they ran it” (L-Ad/Teach). This market response was reiterated by others as well. “We got into digital education quite early and it was viewed as one way of making our global outreach possible…it was outreach to get business going” (L-Prof.) This connection to the marketplace was also evident in other program innovations. “How do we enter the market and offer a differentiated product? One of the real differentiating factors that we could introduce into the market … was to capitalize on true distance learning, online education” (L-Admin). Those in the market that wanted to attend Leader but were physically unable were important partners. “But we always partnered with companies that were interested in getting their people educated but didn’t want to send them to Leader, all the way here” (L-Prof.). Later, the implementation of a new program also had a market driven focus. “The real innovation that they made during my ten years there was the introduction of the (new program)… mainly driven out of market pressures and fear” (L-Ad/Teach). Others stated that the new program was driven by the dean’s office and “was very much a, is there an untapped market and what they were seeing is that the evening, the part-time evening program was declining” (L-Direct).
Another clear impetus at Leader for leveraging more digital technology in their graduate programs was a need to generate increased net revenue. This came from both the perspective of decreasing costs and increasing enrollment revenue. Several participants explicitly stated a priority around revenue generation as at least one of the key decision influencers. “The goal (of the program) was to generate revenue for the school because the school needs more revenue streams” (L-Direct). Another participant agreed that they were “partially motivated by…the income that can be spun off from a program like this and the various other programs growing and you need… the financial resources” (L-Admin). A related market consideration was how to manage their costs to ensure that the programs would meet the needs of consumers. “Our biggest challenge moving forward is that companies, even the richest companies in the world…are unwilling to pay the kind of fees we charge for business education” (L-Prof.)

At Leader, some believed that the faculty concern over quality of online education did not mirror the perception in the marketplace. “But I think the marketplace is more actively thinking about and processing the issue (of online education) than faculties who just say well that’s obviously inferior” (L-CEO). This focus on what’s needed and expected in the marketplace, combined with Leader’s need to maintain enrollments and revenue created the need to implement new alternatives. “The decision to be disruptive was I want to say how will this play in the marketplace to either fill a competitive void or to not fall behind” (L-Direct).

Notably Missing – Organizational Slack

It is important to note that one expected thematic factor did not emerge as relevant—a focus on Organizational Slack, referred to as attention on or the availability of slack resources or capabilities. This thematic factor was expected to play an important role in the responses of institutions, but it was not a prominent consideration for participants at Leader. There was
virtually no discussion of whether or not Leader had the resources to pursue online initiatives. The only comments that could be attributed to Organizational Slack were one related to the infrastructure that the university made available for MOOC experimentation and another that referenced a grant received to fund their initial distance learning initiative in the 1990s.

**Case Four - Leader Summary**

Leader College had the highest endowments (most organizational slack) and highest rankings (lowest performance - aspiration gap) representing the upper right quadrant of the study’s design matrix. In addition, it is relevant to note that both their endowment levels and their ranking performance were significantly higher than the other cases in this study. The dominant and secondary themes at Leader College have been discussed in detail in the preceding pages. Brand was the most salient factor, followed by a strong focus on Maintaining Leadership, Quality Outcomes and Peers and Legitimacy. This focus on Leader’s reputational prominence was foundational across their salient themes.

Also relevant, although much less prominent at Leader, were the factors of Innovation on the Fringe, Power and Governance, Contentment and being Market Driven. The innovations that Leader pursued were primarily driven by a need to stay current with trends in the marketplace so that they would not lose prominence if new technologies became essential. Similarly, the fact that these innovations happened on the fringe is consistent with actions that would protect Brand positioning and Organizational Slack levels. In other words, innovating on the fringe allowed them to experiment in ways that were not disruptive to the core programs. Leader’s high levels of organization slack and performance relative to peers suggest that they did not have a need for problemistic search. These factors also contribute to the secondary theme of Contentment. A focus on Organizational Slack was notably absent, perhaps not surprisingly because there was not a need to focus on capabilities or resources.
CHAPTER 5: Cross-Case Analysis

In comparatively analyzing the four cases, it was surprising to discover that none of them had the same dominant themes, nor were all cases missing the same themes. Although there was some overlap on key constructs, each institution’s decision making was largely driven by a theme unique to that case. Specifics on each of the individual cases were provided in the preceding sections. This section provides a comparison of themes across the cases, drawing attention to similarities and differences.

The section is outlined as follows. First, the most salient themes, as well as those expected but missing from each case, are highlighted. It is important to notice that in each case there is a dominant construct that is unique to that particular college. This overview is followed by an analysis of findings by construct for the most salient shared themes. Next is a detailed description of the salient themes that were unique to individual cases. Finally, I discuss several additional findings that emerged from the analysis of all four cases.

Overview of Findings by Case

A visual depiction of the themes in the matrix structure provides a picture of the magnitude of each theme within a case, and allows for visual comparisons across cases (Figure 1). Color coding is used as a mechanism for grouping individual codes into themes while maintaining their independence. The size of each circle is based on the relative salience of each code category in comparison to other codes within that case.
Figure 1

**Visual Maps of Themes**

![Figure 1: Visual Maps of Themes]

**Key to Figure 1**

<table>
<thead>
<tr>
<th>Theme</th>
<th>Description – focused/attention on:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Driven</td>
<td>Market needs, market/enrollment growth, revenue generation</td>
</tr>
<tr>
<td>Potential Disruption</td>
<td>Significance or impact of online technology</td>
</tr>
<tr>
<td>Innovation</td>
<td>Faculty/leadership willing to take risks, experimental, incentivized</td>
</tr>
<tr>
<td>Quality Outcomes</td>
<td>Quality learning or educational outcomes, student satisfaction</td>
</tr>
<tr>
<td>Contentment</td>
<td>Faculty/leadership not experimental, content, resistant</td>
</tr>
<tr>
<td>Fringe</td>
<td>Not core or mainstream but experimental, pilot, limited</td>
</tr>
<tr>
<td>Peers &amp; Legitimacy</td>
<td>Peer institutions, competition, legitimacy of standards/actions</td>
</tr>
<tr>
<td>Organizational Slack</td>
<td>Available resources, capabilities or the lack thereof</td>
</tr>
<tr>
<td>Power &amp; Governance</td>
<td>Strong faculty or leadership governance or control</td>
</tr>
<tr>
<td>Brand</td>
<td>Reputation, rankings, perception by others</td>
</tr>
<tr>
<td>Other</td>
<td>Themes or ideas that were not anticipated or otherwise coded</td>
</tr>
</tbody>
</table>

Table 2 highlights only the most salient themes and those that were notably missing from each case. Omitting constructs across cases that were present to a lesser degree helps to
draw focus to the more important similarities and differences that were found. Following the
table each case is briefly summarized.

Table 2
Most Salient Themes (and Missing Themes)

<table>
<thead>
<tr>
<th>Maximizer College (Higher Ranked, Lower Endowed)</th>
<th>Leader College (Higher Ranked, Higher Endowed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture of Innovation</td>
<td>Brand</td>
</tr>
<tr>
<td>Leadership Navigating on the Fringe*</td>
<td>Maintaining Leadership*</td>
</tr>
<tr>
<td>Market Driven</td>
<td>Quality Outcomes</td>
</tr>
<tr>
<td>(Not Org Slack, Contentment)</td>
<td>(Not Org Slack)</td>
</tr>
<tr>
<td>Optimizer College (Lower Ranked, Lower Endowed)</td>
<td>Striver College (Lower Ranked, Higher Endowed)</td>
</tr>
<tr>
<td>Market Driven</td>
<td>Quality Outcomes</td>
</tr>
<tr>
<td>Transitioning from Contentment*</td>
<td>Strategically Creating Gratitude*</td>
</tr>
<tr>
<td>Innovation on the Fringe</td>
<td>Innovation on the Fringe</td>
</tr>
<tr>
<td>(Not Brand, Power)</td>
<td>(Not Market Driven)</td>
</tr>
</tbody>
</table>

Note: Most Salient Themes are listed in the order of magnitude for each college case. *Denotes unanticipated themes that emerged uniquely in that case.

At the lower ranked, lower endowed case (Optimizer College), responses were driven
by the participants’ focus on the market needs of the state, by a historical culture of
contentment that is transitioning, and the innovation that occurred happened outside the core
programs. There was not an emphasis on brand or on power/governance.

At the lower ranked, higher endowed case (Striver College), responses were driven by
quality learning outcomes and by a strategic vision of creating gratitude. The innovation that
happened was early but did not diffuse beyond one course. There was notably not an
emphasis on the market needs or on resistance/contentment as a limiting factor.

The higher ranked, lower endowed case (Maximizer College) had a culture of
innovation across the institution. The faculty and staff considered themselves to be early
adopters of innovation, and the college’s leadership at the time was widely recognized as
navigating the system to accomplish their priorities. There was little evidence of contentment.

Finally, the higher ranked, higher endowed case (Leader College) focused most
heavily on their brand reputation and rankings, and a priority of maintaining this prominence
as a top institution. Conversely, there was little focus on the availability or lack of organizational resources or capabilities (slack).

Analysis of Findings by Construct

Brand

Brand was initially defined as focus or attention to reputation, ranking or the essence of how the school was perceived by constituents and peers. This theme was the most salient one at the higher ranked, higher endowed case (Leader) and one of the least significant for the lower ranked, lower endowed case (Optimizer). This construct was secondarily apparent in the other two cases. The Brand construct was expected to directly relate to the theoretical framework, in that rankings were the proxy designated to represent performance – aspiration gap. The findings suggest that the Brand theme components meant different things in each case, and related to the other themes within that institution in unique ways. For example, in the higher ranked, higher endowed case (Leader) the brand construct was tightly coupled with the second primary theme of maintaining leadership, as well as quality outcomes and how participants compared themselves to peers. This sense of what mattered was stated concisely as, “We wanted to become a premier business school, recognized in the world among the top few” (L-Prof). Conversely, the construct of brand was not significant at the lower ranked, lower endowed case (Optimizer), where their brand position was rarely mentioned, and aptly described as in this statement: “short list of B-schools that I think have national level brands…we are not one of them” (O-CEO). At the lower ranked, higher endowed school (Striver), brand significance focused on reputation more than rankings or brand, as depicted with, “Let’s talk about reputation first….my hope is that we will do things that are radically different and others will learn from us” (S-Leader). At the higher ranked, lower endowed college (Maximizer), brand specifically referred to rankings and only broadened when participants described student dissatisfaction with not getting the real degree or peer
perceptions of legitimacy. An example of this focus was stated as, “Part of the strategic decision might have been to capitalize on the other programs’ high rankings, that there’d be spillover in the brand, cause we’ve been talking about brand since the day I arrived here” (M-Prof).

**Market Driven**

The construct of being market driven was comprised of three sub-themes: focus or attention on market needs, potential market/enrollment growth, and revenue generation. The idea of being Market Driven was one of the two most important themes at both the lower ranked, lower endowed case (Optimizer) and the higher ranked, lower endowed case (Maximizer). Each of these lower endowed cases focused heavily on the market needs aspect of this construct, and less on the enrollment growth or revenue generation. The findings suggest that lower organizational slack was in fact an important aspect of performance – aspiration gap, and that those cases with less organizational slack engaged in problemistic search by looking to the market for growth. In particular, at the higher ranked, lower endowed case (Maximizer), there was a large emphasis on understanding and responding to the market. This marketplace perspective is highlighted by “We realized that we could provide a broader solution to many people” (M-Initiator). Similarly, another participant stated “And so along comes online and it fits in perfectly with a world that has become accustomed to mass customization… it fits with the way we live today” (M-Lead).

In the lower ranked, lower endowed case (Optimizer), participants were also very focused on market needs but the priority was specifically market needs within their state. “We really are here to serve the needs of the state” (O-IT) and “I think it’s responding to the market” (O-CEO).

Market Driven forces were not important in either of the two higher endowed cases, suggesting that their higher levels of organizational slack contributed to higher satisfaction.
with this aspect of their performance. As a result, it is not surprising that the higher ranked, higher endowed case (Leader) embarked on limited search and that participants at Leader demonstrated less risk-propensity than those at the lower endowed cases. In the higher ranked, higher endowed case (Leader), market forces played a small role that was directly related to the impact on their global perception, again tied to Brand. One participant stated, “We got into digital quite early and it was viewed as a way of making our global outreach possible” (L-Prof). Similarly, in the lower ranked, higher endowed case (Striver), market forces were notably missing in participants’ responses, and this absence will be discussed later in this section.

**Quality Outcomes**

The construct referred to as Quality Outcomes was comprised of two related codes: a focus on student satisfaction and a focus on quality of learning and educational outcomes. Although both codes are related to perspectives on educational outcomes, there was often a stronger emphasis on the quality aspect. Only the higher ranked, lower endowed case (Maximizer) placed more prominence on student satisfaction than quality. This is perhaps also relevant considering the strong focus on being Market Driven previously discussed.

Although the overall construct of Quality Outcomes was relevant in all cases, the level of significance varied. Quality Outcomes was one of the three most salient themes for the two higher endowed institutions and a secondary theme for the other two cases. In particular, this theme emerged as by far the most dominant theme in the lower ranked, higher endowed case (Striver). Consistently each participant referred to their focus on the overall learning experience and the ways that their strategy and prioritization were driven by this focus. “The focus is on what impact will this have on learning” (S-Prof). Quality Outcomes at the lower ranked, higher endowed case (Striver) was also closely linked to this case’s other
dominant theme of Strategically Creating Gratitude for the learning, a theme that was only found there.

Conversely, at the higher ranked, lower endowed college (Maximizer), Quality Outcomes played out much differently. First, it is important to note that the overall construct of Quality Outcomes was not prominent there, and in fact was one of the lesser emphasized codes for the case. It was also interesting to find this was the only case to have more of an emphasis on student satisfaction than quality when looking more deeply into the theme attributes. It is reasonable to connect their focus on student satisfaction to their dominant theme of being Market Driven as noted in this comment: “The biggest issue for us would have been whether or not we could deliver a program that we were proud of… attract the right quality of students into the program, and then the third would be upon graduation were we making a difference in their careers” (M-Initiator).

Innovation

The theme of Innovation was comprised of three related areas of coding: incent, which was defined as focus or attention on faculty/administration motivation, satisfaction, needs or incentives; risky faculty, which referred to faculty or a faculty culture that was experimental or willing to take risks; and risky leadership, which referred to leadership that was experimental or willing to take risks. In most cases, this theme was framed as Innovation on the Fringe because initiatives happened aside from what participants considered to be the core programmatic focus of their institution. For one case in particular (Maximizer), this construct played a much different role as a unique theme defined as Culture of Innovation.

At the higher ranked, lower endowed college (Maximizer), Innovation was the most salient theme, and here it was intentionally described as a Culture of Innovation. Participants consistently referred to the innovativeness of their leadership, their faculty and thereby their college as an ongoing and long-standing aspect of their culture. “To put this in perspective of
the culture, that we have at the business school…we had a long history of being fairly innovative” (M-Lead). This culture of innovation was supported by the leadership of the college, both through incentives for those who were experimental and through an apparent acceptance of the possibility that risky initiatives could fail. “We used development money, paid them (faculty) a premium, and that’s how we got into the ball game” (M-Chair).

In the other three cases, Innovation was framed consistently as Innovation on the Fringe although the magnitude and means of innovation varied. At the lower ranked, lower endowed case (Optimizer) there were initially pockets of innovation driven from outside the college and by highly experimental faculty despite leadership that did not encourage online initiatives. This theme was one of the more salient themes mentioned by some participants. Early efforts happened at the prompting of the continuing education unit who worked to “find a coalition of the willing, and at the Center they’re just by nature a group that likes to take chances and risks” (O-AD). Incentives also played a role in ensuring support. “We help them with the use of technology, development of courses, and then sometimes seed money…it’s amazing what $5,000 will do” (O-Cont Ed). More recently, an openness to innovation was encouraged by the dean at the lower ranked, lower endowed case (Optimizer), with a focus on new and bolder initiatives. “We’ve been treading water here, and it’s time for us to take the next big step” (O-CEO).

At the lower ranked, higher endowed case (Striver), this theme was also framed as Innovation on the Fringe and it was one of several themes that emerged but was not dominant. Individual faculty were highly innovative, but these initiatives happened outside the core programs and were contained to just a particular course. One participant stated, “I went to our dean at the time and said, yeah, I want to play with this and see what happens. He says, yeah whatever, as long as you keep doing everything else you’re doing” (S-Prof). In fact, this college apparently was the first of the cases in this study to experiment with distance
learning, but this early initiative happened only in a particular course and did not lead to more widespread adoption of online technologies.

At the higher ranked, higher endowed school (Leader), this theme was not substantial, but was also framed as Innovation on the Fringe. A participant at Leader described their efforts as “a little bit of online learning there, but mostly it was confined to these programs that aren’t our core big program…. not the things that people are passionate about” (L-CEO).

**Peers and Legitimacy**

The theme of Peers and Legitimacy was comprised of two initially separate code categories, Peers and Legitimacy of Actions. Peers was initially defined as a focus or attention on peer institutions and/or competitors. Legitimacy was defined as a focus or attention placed on the legitimacy or acceptance of the college’s actions in comparison with the standards in the industry. Although these two themes were interconnected, there were also some important distinctions.

In all cases, participants were generally aware of peer actions in response to online education, although the extent to which they focused on peer actions varied, as did the schools that they referred to as peers. In all cases, participants mentioned University of Phoenix when referring to for-profit institutions that were early entrants to the online education marketplace. With one exception, participants referred to for-profit, online offerings in a negative way, and they tried to distance their own efforts from what these schools offered. Most participants were also aware of one particular public university’s early entry into the online arena. Their stated perception of this school’s program and reputation was mixed, unlike that of the for-profit schools.

The peer institutions most relevant to the lower ranked, lower endowed case (Optimizer) were those within their state; yet when thinking of online education, participants referenced the for-profits that were early entrants and other schools in the Big Ten that had
started early online initiatives. “The reality is that we are competing with all of these negative places, as well as a lot of other schools like Kelley, like Penn State” (O-IT).

For the higher ranked, higher endowed case (Leader) the peer institutions they focused on were top ten schools around the country. Participants at this institution had watched the outcomes of Kelley’s decision to go online, as well as the more recent move at the University of North Carolina. “Everybody (at Leader) looked at UNC when it was launching and thought they’re going to destroy their brand, they’re going to take themselves out of the major running like Kelley did” (L-Ad/Teach). Although participants at the higher ranked, higher endowed case (Leader) were aware of what other institutions were doing online, they chose not to follow early entrants into the online marketplace initially. More recently, however, as several top-ranked schools ventured into the online marketplace, the higher ranked, higher endowed case (Leader) began strategically looking for ways to respond. “We did pay attention, but we chose not to do what the leaders were doing…now what’s happened is Harvard, Wharton, MIT, Stanford, the top schools in our field” (M-Prof).

The higher ranked, lower endowed case (Maximizer), on the other hand was an early entrant into the market, and in this way, there were few peers in the online space and those who were did not seem to influence their decision to innovate and focus on the market. “We didn’t think about it at all and we didn’t care. It didn’t matter to us what other schools were doing” (M-Initiator). Rather than a focus on peer actions and responses, the higher ranked, lower endowed case (Maximizer) was concerned about the legitimacy of their actions in the market – most specifically from the perspective of their students, employers and peers. Initially, “the concern was gee, are we going to be equated to, with University of Phoenix” (M-Lead). As their online program became more established, the focus on legitimacy shifted. “It legitimized the market and recruiters, employers, became more comfortable with it when they saw brand schools come into the market” (M-Lead).
Participants at the lower ranked, higher endowed case (Striver) did not heavily focus on peers or legitimacy. References to other institutions mentioned aspirant peers like Wharton and Harvard while distancing themselves from others. “It’s very different what we’re doing here versus the University of Phoenix” (S-CEO).

Generally speaking, participants in each of the cases had a set of peers and aspirant peers that they watched, but did not imitate. The study design intentionally selected schools that were public, research intensive, geographically similar, and members of both the Big Ten and the CIC, assuming that these schools would consider the others in this group to be their peers. The findings suggest that this was not the case. Instead, participants at each of the schools identified a set of aspirant peers that were consistent with how they perceived themselves rather than how their university leaders defined their overall institution. Leader’s peers, for example, were top-ranked global institutions. Optimizer’s peers were generally other universities within their state.

Also significant to note is that none of the participants indicated that their institution’s choices of how to respond were driven by actions of peer schools. On the other hand, participants in leadership roles commented that top institutions were now moving into the online market and that these actions - whether or not they were made by peers - were meaningful. Initiatives made by top schools were seen to legitimize the online marketplace and prompted those institutions that had not been heavily involved in online education to focus on developing a strategy for their own response.

Unique Themes that Emerged

This chapter has focused initially on anticipated themes that were salient in several or most of the cases studied. As stated, the factors that mattered most at the institutions varied and even when a similar theme was relevant for multiple cases, how the construct was interpreted and how important it was to the college participants varied. Additionally, each
institution had one dominant theme that emanated in their unique context. These themes inductively emerged from the coding scheme and played a dominant role in the decision making at each respective college case. Each theme was unique or combined multiple constructs in unique ways in comparison to the other cases. They are discussed in detail below.

**Leadership Navigating on the Fringe – Higher Ranked, Lower Endowed Case**

Leadership Navigating on the Fringe emerged as one of the most salient themes at the higher ranked, lower endowed case (Maximizer); and it was both evident and dominant only there. The theme was defined as a unique combination of the anticipated themes of power, which was defined as strong faculty or administrative governance of power; fringe, which referred to experimental, limited or pilot initiatives that occurred outside the mainstream; and a strong but unanticipated focus on a strong leader who was savvy at navigating the governance system in a way that accomplished her goals. Many participants referred to the political power of the leader who initiated early online innovations at Maximizer. Participants indicated that Maximizer had a “long history of dean leadership that is both strong and transparent, and so largely you don’t see floor fights” (M-Lead). Others framed this slightly differently, as in “it turns out the rules are much more flexible at the dean’s level. She can do what she wants” (M-Prof).

In addition to strong leadership, Maximizer participants indicated that the early initiatives were implemented as a pilot, and that top leadership was successful at convincing the faculty to experiment on the fringe. The initial online program was described to faculty as “just an experiment…not going to change anything at Maximizer because we’ll just drop it after a couple of years” (M-Admin). By understanding the politics and culture of experimentation, the dean was able to influence faculty to innovate with online education when others were not pursuing this.
Maintaining Leadership – Higher Ranked, Higher Endowed Case

The theme of Maintaining Leadership was another unanticipated factor that emerged and was dominant – but present only at the higher ranked, higher endowed case (Leader). The theme was described as an emphasis on maintaining the college’s reputational position of leadership and not being left behind. Participants at Leader varied in how they positioned their own involvement in online education. Most referred to their early and innovative approaches that leveraged distance learning technologies as online learning, although these initiatives were not fully online degrees and they were not implemented in the most critical programs. Additionally, participants’ emphasized their efforts to stay apprised of changes in needs and technology in the marketplace. One participant stated the focus was “just to sort of have a foot in the water. It’s very hard to be a fast follower and jump on a moving train when you’re not at least moving forward a little bit” (L-Ad/Teach). This combined theme of maintaining leadership was unique to Leader.

Strategically Creating Gratitude – Lower Ranked, Higher Endowed Case

The theme of Strategically Creating Gratitude was unanticipated and emerged and was dominant, yet present only at the lower ranked, higher endowed case (Striver). This theme was described as a focus on creating gratitude from students and constituents for the interaction with top researchers and the value provided by quality outcomes. The construct included elements of leadership power using the fear of disruption as a catalyst for motivating faculty and staff to think strategically about how to best ensure quality outcomes. From this starting point, a Framework was introduced that resonated throughout the institution. All participants at Striver referred to the Framework and it permeated conversations related to innovations, online education and the culture. One participant referred to it as “a vision and a programmatic way to look at the whole curriculum” (S-Leader). Another referred to the
pervasiveness of this refocused thinking when she said it “has taken a life of its own, the Framework…it’s become a convenient way to talk with one another” (S-CEO).

The way that these themes were nuanced resulted in a unique perspective at the lower ranked, higher endowed institution. Participants collectively referred to how this construct shaped their thinking and their decisions. Both the prevalence of the construct and the construct itself stood out as distinct for this case.

**Transitioning from Contentment – Lower Ranked, Lower Endowed Case**

Finally, the theme of Transitioning from Contentment emerged at the lower ranked, lower endowed case (Optimizer) as unique, dominant, and unanticipated. This construct blended together a focus on a dynamic leader generating change in a system that was historically risk averse or was content. Accordingly, the idea was a blend of several initial coding categories including non-risky faculty or leadership, uninterested or unwilling to experiment, and resistance to change or risk, referred to as Contentment. The idea of contentment combined with new leadership that was shifting the culture was highly significant only at Optimizer.

Considering this construct in two parts is helpful. Participants referred to their historical way of thinking and responding as sedentary and lacking innovation. One Optimizer participant summed this cultural thinking by stating “if what you’ve been doing has worked for you, why do something else” (O-Cont Ed). The change in dean at Optimizer was shifting this culture to one that was more open to experimenting and trying new things. This was a strong and intentional focus of the dean, and one that was evident to all of the participants interviewed. Together, these two ideas represent an important construct for understanding the context at Optimizer, and for framing the rationale for differences in their historical response to online education and their potential future response.
Additional Findings

Each anticipated theme, and those that emerged from the cases themselves, has been discussed and compared above. Before closing this section, several additional findings that emerged will be discussed. These include observations on innovation timing, top leadership characteristics, and a brief comment on internal versus external factors.

Potential Disruption

Potential Disruption was initially included in the coding scheme, defined as a focus or attention on the significance or impact of online education. This theme was initially viewed as a component of the Innovation theme, but later was de-coupled and considered to be related but not a sub-theme of Innovation. In understanding the framing of Potential Disruption, it should be noted that the theme was not restricted to the idea that online education was a disruption, nor was it necessary for a participant to refer directly to the word disruption in order for their comments to be coded for this theme. Rather, the idea was to capture whether or not participants thought online education either would or would not have an impact on the higher education industry. Differences in participant views emerged across the four cases, both in terms of how prevalent the idea of disruption was and the extent of disruption.

Potential Disruption as a theme emerged at the higher ranked, lower endowed case (Maximizer) more prominently than at any other college studied, and participants at Maximizer generally viewed online education as a disruptive innovation for higher education. One participant stated, “we often talked about not being Amazoned” (M-Lead), which was a reference to how technology had redefined the book store industry. Another participant said simply, “It was very disruptive here” (M-Prof). Virtually all participants at Maximizer placed emphasis on the disruptive nature of online education in hindsight when they considered how it had impacted their college.
In the other cases, the idea of disruption was much less evident, and it surfaced in very different ways. At the lower ranked, lower endowed case (Optimizer), there was initially very little focus on whether or not online education would have an impact, yet the new leadership saw a need to strategically embrace technology in the classroom, blending the benefits of online and on-campus experiences. “It’s not either-or, it’s both-and” (O-CEO). At the lower ranked, higher endowed case (Striver), evidence of online education being perceived as a disruption seems to have occurred with the emergence of MOOCs, which resulted in a high level of fear in the college, prompting a response. One Striver participant relayed, “there was a lot of anxiety in our school about, well, what are we going to do, are we going to be put out of business?” (S-Leader). Finally, at the higher ranked, higher endowed case (Leader) several participants referred to disruptions, but they did not reference online initiatives as the disruptions; rather, they referred to market forces and format changes as disruptors. Each of the cases had a distinctly different perspective on whether or not participants viewed online education as a disruption, and in how they made sense of what was happening in the market.

**Organizational Slack**

The theme of Organizational Slack was comprised of the coding terms capabilities and limits, and was initially defined as a focus on available resources and capabilities or a lack thereof. Organizational slack was a strong theme at the lower ranked, lower endowed case (Optimizer) only. Early initiatives at Optimizer were funded outside the college. Within the college, participants referred to the lack of funding and faculty capacity. “Even if we had the money, it’s challenging to find qualified people” (O-Manager). At the lower ranked, higher endowed case (Striver), Organizational Slack was a secondary theme. Participants at Striver stressed the costs required to do high-quality online education, which aligns with their priorities of Quality Outcomes and Strategically Creating Gratitude. “We’ve learned as we’ve
experimented just around the edges of online that it’s a really, it’s a costly undertaking to create” (S-Leader).

The other cases placed some, but not much emphasis on the availability or lack of resources. Participants did not focus on the availability of excess capacity at their school, nor did they cite the lack of capacity as a force that influenced their response. In particular, there was virtually no emphasis placed on whether or not resources were available as a mechanism for the decisions that were made at the higher ranked, higher endowed case (Leader).

**Timing: Early Adoption, Bandwagon, Laggards**

In looking across these four cases, the earliest initiatives in distance learning mentioned were at the lower ranked, higher endowed case (Striver) in the 1980s. The other three college cases experimented to varying degrees in the mid to late 1990s, nearly ten years later. Striver’s entry was driven by an individual faculty member interested in playing with new technology, and took place in a particular course. The innovation did not disburse beyond that initial point of entry over the next thirty years.

The higher ranked, higher endowed case (Leader) was next to enter the distance learning marketplace, driven by a focus on global expansion, the corporate market and the constraints of faculty limitations. Technology was seen as a means to an end, and a necessity to accomplishing their goal of extending the school’s presence to the international marketplace. The lower ranked, lower endowed case (Optimizer) also dabbled in distance learning during this time, yet Optimizer’s efforts were driven by continuing education units outside the college enticing innovative faculty with external incentives for the faculty and the departments. Online initiatives there were designed to meet the needs of the rural state constituents who lacked access to traditional forms of higher education.

Finally, the higher ranked, lower endowed case (Maximizer) was boldest and fastest to fully enter the online marketspace, offering a complete online degree in the late 1990s.
Their initiative was in response to a market need, and was perceived to be very low risk because their corporate partners provided both the tuition support and the students for the pilot program. The timing and means for experimenting with the potential disruption of online education varied across the four cases, and each of their responses seemed largely linked to the key themes discussed earlier in this chapter.

**Risk-propensity**

In each case there were both resistors and early adopters of the potentially disruptive innovation of online education. The difference in how each college responded was more related to the culture and context of the school than to its resources or capabilities. Accordingly, there was a strong focus on what “a place like us” should do (given our state market-focus, our gratitude/outcome-focus, our brand-focus or our innovation-focus). Whether or not college participants viewed online education as a disruptive innovation seemed also to be influenced by “a place like us” and the culture within their case. Participants at colleges that adopted online innovation only on the fringe often indicated that they felt it was not a disruption. Participants at the college that were early adopters of online education indicated that it has been very disruptive to them. In each case, individuals with strong risk-propensity experimented with online education. Online education only emerged in the form of full degree programs, however, at the college with a culture of innovation. There, the leadership’s willingness to invest resources and social capital into potential new growth opportunities was stronger than the concerns of those who were risk-averse.

**Top Leadership**

Another important finding that emerged was the difference in the tenure, characteristics, and approach of top leadership. At the higher ranked, lower endowed case (Maximizer) where fully online degrees were implemented early, the dean’s decision making was described as charismatic and visionary, but also very good at navigating the governance
system. Participants joked about the ability of this leader to create rules to support initiatives, implying an acceptance of this use of power and governance. The dean at the higher ranked, higher endowed school (Leader) during this early time frame was also described as a charismatic leader with a bold vision and a capacity for engaging and influencing faculty to accomplish this vision. This bold vision and the ability to influence faculty worked together as a catalyst for innovation, enabling Leader to also overcome resistance to experiment with online technologies.

Historically, the top administrator at the lower ranked, lower endowed case (Optimizer) was described as top-down and authoritative. This leadership style allegedly resulted in a culture that was slow to get involved and as a result, online innovation remained only on the periphery. Current leadership at Optimizer is referred to as “a spark plug” thought to have “too much pizazz for us” (O-Cont Ed) and they are exploring ways to leverage new technologies to achieve goals. Similarly at the lower ranked, higher endowed case (Striver), previous leadership focused on funding streams, rather than innovative approaches to education, and the new leadership there was working to leverage that improved financial foundation to focus strategically on their own competitive advantage. What role online education will play in this competitive advantage remains to be seen. One participant, recognizing that they did not have a first mover advantage said, “What’s the point?...I’d rather stay focused…where I can see a path to a sustainable competitive advantage” (S-CEO).

These differences in tenure and environmental context for top leadership, played an important role in how each college initially responded, as well in how they are considering future responses.

**Cross-Case Summary**

In summary, each of the four cases had a unique combination of constructs that were most salient to the decisions they made in response to the potentially disruptive innovation of
online education. None of the primary themes were consistent across all cases; none of the themes were consistently missing across all cases and each case had one primary theme that was unique to that institution. This unique theme was often a blend of anticipated codes that took on a particular meaning at that college based on the context and environment of that particular institution. These unique themes not only played a strong role in the decisions made at each institution, but they also helped to develop a strong sense of what mattered at that institution. Looking deeply at the combination of most salient themes for each case provided an important view into how each college’s participants perceived themselves as an institution. What emerged from looking at the colleges in this rich way was the realization that the cases did not view themselves as similar in many ways. Rather, they placed a strong emphasis in understanding their own culture, context and capabilities; responding in bounded rational ways that were unique to them.

The study’s design was intended to provide a means of comparing similar cases based on different levels of performance-aspiration gap and organizational slack. Several interesting findings related to these variables are outlined here and discussed in greater detail in the following chapter. In both lower endowed cases, the construct of Market Driven was highly salient. In both higher endowed cases, the construct of Quality Outcomes emerged strongly. In both lower ranked cases, the theme of Innovation on the Fringe was strong. In both higher ranked cases, Organizational Slack was a notably missing construct. Together these findings provide important insights that extend what we know about the theoretical frameworks used in the study. Importantly, the findings also provide knowledge and perspective for practitioners facing similar decisions in the future.
CHAPTER 6: Discussion and Conclusion

This study was designed to extend our understanding of what factors are most salient in how business colleges respond to the potentially disruptive innovation of online education. Many studies have looked at decision making from the context of for-profit firms but far fewer have deeply explored this phenomenon in the context of not-for-profit organizations such as colleges and universities. Not-for-profit entities are expected to have more diverse priorities and stakeholders than for-profits, and understanding whether or not the decision making processes in not-for-profit entities is similar to for-profit firms is important. By studying the factors that influence decision making response in not-for-profit institutions, the current study expands what we know about decision making and provides important insights for practitioners in organizational systems like higher education.

Public business college response to online education was selected as the context both because of its relevance to higher education and because of its potential to provide insights into the decision making of not-for-profit firms facing disruptive innovation. In particular, business colleges were intentionally selected for the study because they represent a part of the university that is highly competitive, responsive to market, and expected to perform in ways that are most similar to for-profit firms. Furthermore, online education was identified as a relevant and timely potentially disruptive innovation for the industry. By exploring response to potentially disruptive innovation in this particular context, additional insights to the appropriateness of the behavioral theory of the firm and institutional isomorphism were gained and these are discussed in detail in this section.

Disruptive innovation has been defined as a new product or service that begins outside the core market needs, redefines the market as it becomes mainstream, and then eventually displaces the established market leaders (Christensen, n.d.). How institutional leaders respond to the uncertainty that arises with a potentially disruptive innovation is
important to the future of higher education. It is reasonable to assume tomorrow’s leaders will face strategic decisions that will impact their future without having certainty about the viability of alternatives. The findings from this study extend the current literature on disruptive innovation and provide insights that inform and guide future leaders facing these types of significant decisions.

Two theoretical lenses were used to inform the study and to ground it in the current literature on organizational strategy and decision making: institutional isomorphism and the behavioral theory of the firm. As a reminder, institutional isomorphism suggests that organizations are subject to environmental pressure to be consistent with their organizational field in order to maintain stability and legitimacy (DiMaggio & Powell, 1983). Further, institutional isomorphism suggests these pressures will lead to more homogeneity in the field, even when these actions are not effective (Bolman & Deal, 2008). This is particularly true for well-defined, established industries like higher education in the United States. Consequently, institutionalists would expect public universities to exhibit isomorphism.

Secondly, two of the fundamental ideas of the behavioral theory of the firm include the idea of a performance – aspiration gap leading to problemistic search for solutions and organizational slack. Many scholars have studied and empirically tested the fundamental tenants of behavioral theory of the firm, including these two areas, in for-profit firms (Alexander, 1979; Bromiley, 1991; Greve, 1998; March & Shapira, 1987). Earlier findings on performance – aspiration gap suggest that negative discrepancies between an organization’s current and past performance will lead firms to seek innovative solutions (Moliterno & Wiersema, 2007). Similarly, the existing literature suggests that organizations with lower performance compared to aspirational peers will seek to innovate and organizations with higher performance compared to peers will not (Greve, 1998, 2003; Iyer & Miller, 2008). Conversely, at least one study suggested that higher performance leads to more innovation.
Responses based on organizational slack in for-profit firms have generally shown that there is a U-shaped curve that reflects the likelihood of firms to innovate, depending on their level of excess capacity. Firms with no slack are unlikely to innovate and those with much slack are also unlikely to innovate, while firms with some slack are likely to invest in innovations. Many specific for-profit variations have found that increased or abundant slack leads to higher acquisitions and research investments (Greve, 2003; Iyer & Miller, 2008). One study in the not-for-profit context of liberal arts colleges found that organizations with higher organizational slack did not innovate (Kraatz & Zajac, 2001).

The multiple case study methodology used here allowed for a deep exploration of factors that were most relevant in the decisions of how to respond to online education at four business colleges in the Midwest United States. This qualitative approach was appropriate to answer the research question: What factors are most salient in how a business college responds to the potentially disruptive innovation of online education? The results provide important findings and insights about what factors influence how not-for-profit organizations respond to uncertain opportunities.

**Contributions from this Study**

Four important findings emerged from the deep exploratory approach used in the study. Three of these directly contribute to our understanding of the theoretical frameworks used; specifically the findings provide limited support for institutional isomorphism, organizational slack and performance – aspirational gaps leading to problemistic search in business colleges. In addition to these contributions that extend the literature, the most prominent finding emphasizes the uniqueness of each institution and provides important and unexpected insight into decision making.

The table below provides an overview of key ideas including which themes were most salient, secondary in nature, and absent in the cases participating in this study, followed by a
summary of the type and timing of response, and then whether the participants viewed online education as disruptive. The distinction between most salient and secondary constructs was made based on a subjective interpretation of both how strongly and how pervasively a construct was stressed by participants at that particular college. Constructs that were not mentioned or were notably absent at a given college were also captured in the table. The Adoption column provides a summary of whether or not online education has been implemented at each college and if so, how broadly. Finally, an assessment of each college’s perception of whether or not online education was disruptive is indicated. Following the table, the four primary findings of this study are detailed, and several additional observations are interpreted and connected to previous literature. The discussion section concludes with implications for practice, a brief commentary on the boundary conditions that limited the study, and recommendations for future research.

Table 3

Cross-Case Highlights

<table>
<thead>
<tr>
<th>College</th>
<th>Most Salient</th>
<th>Secondary</th>
<th>Absent</th>
<th>Adoption</th>
<th>Disruptive?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leader</td>
<td>Brand, Maintaining Leadership, Quality Outcomes</td>
<td>Peers &amp; Legitimacy, Market Driven,</td>
<td>Organizational Slack</td>
<td>Hybrid options only to meet global</td>
<td>Not for them but for others</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Innovation on the Fringe,</td>
<td></td>
<td>brand needs</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Peers &amp; Legitimacy,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Market Driven, Peers &amp; Legitimacy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Striver</td>
<td>Quality Outcomes, Strategically Creating Gratitude</td>
<td>Innovation on the Fringe, Power &amp; Governance,</td>
<td>Legitimacy &amp; Peers, Brand,</td>
<td>One early class driven by</td>
<td>Recently used fear of disruption</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brand, Organizational Slack</td>
<td>Quality Outcomes</td>
<td>innovative faculty; not diffused</td>
<td>to drive strategic culture change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>further</td>
<td></td>
</tr>
<tr>
<td>Maximizer</td>
<td>Culture of Innovation, Leadership Navigating on</td>
<td>Legitimacy &amp; Peers,</td>
<td>Contentment</td>
<td>Early to adopt fully online models to meet market needs</td>
<td>Not at the time, but retrospectively, yes</td>
</tr>
<tr>
<td></td>
<td>the Fringe, Market Driven</td>
<td>Brand, Quality Outcomes</td>
<td></td>
<td>meet market needs</td>
<td></td>
</tr>
<tr>
<td>Optimizer</td>
<td>Market Driven, Transitioning from Contentment,</td>
<td>Peers &amp; Legitimacy,</td>
<td>Brand,</td>
<td>No grad level initiatives,</td>
<td>Only as a means for access in</td>
</tr>
<tr>
<td></td>
<td>Innovation on the Fringe</td>
<td>Quality Outcomes,</td>
<td>Power &amp; Governance</td>
<td>undergrad classes on the fringe</td>
<td>remote areas of the state</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organizational Slack</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The codes and themes used for the study were initially developed deductively based on the theoretical frameworks that guided the study. Several of the expected themes proved to contribute to participants’ views of their institutional responses. At the same time, the coding scheme Other was intended to allow for the inductive emergence of unanticipated themes directly from the data. Ideas and conversations that did not fit into the initially anticipated
thematic codes were noted and then carefully interpreted to determine the unexpected meaning behind them. An in-depth review of each individual case and the cross-case analysis produced the following findings.

**Each Institution was Unique**

The strongest and most evident finding was that none of the themes were most salient for all college cases. The study design was intended to explore four similar colleges, and there was an initial expectation that similarities would exist in the themes that most influenced their decision response. I expected to find that the same themes were most salient in all cases or at least in cases that responded in similar ways. The results of the case studies do not support this. In fact there was not a single construct that was considered to be most salient across the four cases. Instead, each of the colleges considered their responses through the lens of their institutional context, history, and culture. As a result, it became clear that institutional participants’ self-perception was what mattered most in how they responded. The idea of colleges describing themselves as “a place like us” was not anticipated, yet this idea resonated more strongly than any of the other themes.

To reiterate, each college made sense of their historical and intended responses based on their own environment, history, people and culture. Themes mattered differently and meant different things to each college. Although there were a core set of constructs that were either dominant or secondary themes across cases, the depth of saliency of these themes was different at each college. Furthermore, how these constructs worked together to influence the college’s response was shaped by a combination of how participants made sense of who they were as an institution and what was happening in their environmental context. Ultimately, although some themes or factors played a salient role in the decisions at many institutions, the two to three most dominant themes were different in each of the four cases. Surprisingly, the patterns of these similarities and differences were also not well-correlated with the study’s
matrix design of higher or lower levels of organizational slack or performance – aspiration gap. Participants’ responses were instead driven by how they viewed themselves, or in their words, what is the right response for “a place like us”. This finding supports the view that the behavioral theory of the firm should incorporate environmental context and culture factors to gain a better understanding of organizational decision making (Argote & Greve, 2007).

Similarly, participants interpreted the interview questions and responded to them through their own institutional lens. As a result, themes also took on different meaning for individual participants depending on how they viewed their college – particularly when asked whether they felt that online education was a potentially disruptive innovation. Participants at the college that was early to adopt fully online degrees said online education did not see online education as disruptive at the time, but as they reflected back over the experience for this study, they saw that it had been disruptive for their institution.

This internal view of “a place like us” mattered much more consistently than the institutional level of organizational slack or the performance – aspiration gap based on the proxies used for the study. Similarly, early adoption, late adoption or avoidance was tightly connected to how institutional participants saw themselves as an institution and the perspectives of key influencers within that institution.

Equally significant was the finding that similar themes were often bundled differently across cases, and the way that these thematic bundles influenced what was most significant was interesting. For the higher ranked, higher endowed case, there was a strong focus on how they were perceived in the marketplace, so for them the ideas of brand reputation, peers and the perception of quality were highly important. For the lower ranked, higher endowed case with a strong focus on research and the quality outcomes of education, heavy emphasis was placed on how to stand out and earn the gratitude of students and alumni so that these stakeholders saw the value of working with research faculty. For the higher ranked, lower
endowed case whose participants self-identified as innovative, the early adoption of online
was perceived to have minimal risk and the administration worked through and around the
governance system to implement. And for the lower ranked, lower endowed case, the clear
driver was meeting the needs of their state’s constituents.

As discussed, what mattered most in each case varied and was dependent on the
institutional culture, history and environmental context. Although there were many variations
of the themes, one general observation was that quality outcomes were highly salient in the
higher endowed cases and the theme of being market driven was strong for the lower
endowed institutions. These findings suggest that business colleges with higher levels of
financial resources are focused on quality because they have sufficient resources to buffer
them from financial limitations. Conversely, business colleges that lack organizational slack
focus more directly on meeting financial obligations. An alternate view is that business
colleges with higher levels of organizational slack focus on quality to ensure that alumni and
other stakeholders continue to make strong contributions, so that their higher levels of
organizational slack are maintained. Lower endowed colleges could feel stronger financial
pressures that force them to focus on the market needs and growth opportunities in order to
remain viable and build resources for the future.

**Limited Support for Isomorphism**

A second important contribution from this study is that it suggests limited support for
institutional isomorphism as a driver for responses. The data support the idea that participants
were aware of peer actions, but only loosely support the idea that business colleges were
constrained by the standards and expectations of the higher education industry in general.
Simply put, the colleges selected for this study did not respond in similar ways. There were,
however, instances where forms of isomorphism were evident. At the lower ranked, lower
endowed college (Optimizer) data suggest that coercive isomorphic pressures influenced their
organizational responses, contributing to the salience of the Market Driven theme. Their
dependence on state funding resulted in a form of political pressure that impacted their
decision factors. In addition, the higher ranked, higher endowed college (Leader) showed
evidence of mimetic isomorphism based on their focus on top ranked schools. Each of these
instances provides limited support for institutional isomorphism (DiMaggio & Powell, 1983).

Despite the limited support for isomorphism, in general, participants did not indicate a
desire to mimic others, regardless of whether or not they had the resources and capabilities to
do so. Instead, colleges resorted to their sense of self as an institution, and they framed both
their historical and their intended responses in this context. It is important to recall that
although the study’s design matrix intentionally included business college cases that were
institutionally similar, each case self-identified a unique set of institutional and/or aspirant peers. College participants did not necessarily identify the other cases selected for the study
as their college peers, although most recognized the Big Ten and/or the CIC as institutional peer groups. In fact, it was more common for participants to identify a unique set of college peers based on their perceived college identity. This finding suggests the need to use
considerable caution when making assumptions about the homogeneity and basis of
aspirational peers. This study’s proxy for performance – aspirational gap was rankings in
relation to their peers and yet in analyzing the data it became clear that the colleges chosen
did not perceive the others to be peers that they benchmarked against. As a result, each
college’s identity and peer set, as well as the constructs most salient to their decisions, were unique. Furthermore, the diverse set of peer institutions referenced by participants in the
study was highly correlated to their self-perception. For example, participants at the higher
ranked, higher endowed school referenced peers who were nationally (or even globally)
ranked in the top ten, rather than comparing themselves to Big Ten colleges. Conversely,
participants at lower ranked colleges regularly compared themselves to Big Ten institutions or regional schools within their own state.

Despite their many different responses, there was one consistent and isomorphic response across the four cases: each intentionally distanced itself from one particularly prominent for-profit institution known for its prominence in online education. All colleges referenced the idea of legitimacy in the field by not being affiliated with a particular for-profit institution involved in online education. From this perspective, there is limited support for institutional isomorphism as a constraining force that discouraged strategic change towards the online market place. The idea that they did not want to be like University of Phoenix was stated strongly, clearly and consistently by participants in all cases. This isomorphic clarity to avoid being like a particular institution provides an interesting form of support for the idea of institutional isomorphism if we assume that the industry standard was to distance itself from what that particular institution represented. Essentially the phrase “University of Phoenix” was used as a proxy for the type of online education that was not legitimate or accepted by participants across cases. Interestingly, the consistently negative perception did not give way to a clear definition of what was illegitimate about this particular institution. The fact that the University of Phoenix programs were fully online degrees did not seem to have been the cause for concern; in fact other online programs (Kelley, Penn State, and UNC) were referenced in generally positive ways by participants.

One potential explanation for the limited support for institutional isomorphism in these cases was because of the disruptive innovation context. In other words, if online education was legitimately and consistently accepted by the higher education industry, then isomorphism may have been found to more directly influence institutional decisions. This possibility provides support for suggesting that innovations may become widespread without gaining legitimacy within an industry (Kraatz & Zajac, 1996). Furthermore, in this study, the
potentially disruptive innovation context may have introduced uncertainty that offset tendencies towards institutionalism. What is evident from this study is that based on the proxies and peers identified, institutions did not respond homogeneously to the potential disruption of online education.

Furthermore, the highest ranked school expressed a sense that the one college case in the study that did innovate with online degrees had jeopardized its rankings and standing within the higher education industry. This finding provides further evidence of support for mimetic isomorphism in that highly positioned colleges purposely did not follow the actions of institutions whose actions resulted in a perceived decrease in legitimacy (DiMaggio & Powell, 1983).

Finally, awareness of peer actions and an interest in being perceived as legitimate by the industry was a common combined theme across the four cases, but not one of the most salient themes at any. Individuals within each case were aware of and interested in what their peers were doing, yet this did not drive their own actions in this study. As already mentioned, the peers identified by participants varied across the four cases, with each college having a unique set of peers that was based on the self-perception of “a place like us”. In the case with the lowest levels of both endowments and rankings, peer institutions most often referenced were regional, public institutions within the state. In the case with the highest levels of both endowments and rankings, the self-identified peer institutions were the top five to ten ranked schools throughout the country.

**Limited Support for Organizational Slack**

A third contribution from this study was providing limited support for Behavioral Theory of the Firm’s organizational slack as a determining factor in decision responses. Previous research on organizational slack suggests that cases with both high and low organizational slack would not innovate; and that those cases with moderate slack would be
expected to explore and embark on new initiatives (Iyer & Miller, 2008). Translating this implication to the current study and the organizational slack proxy of endowments suggested that those cases with high and low endowments would not innovation and those with moderate endowments would. The findings from the current study show limited support for this thinking. Indeed, the schools with the lowest and highest levels of endowments did not respond by implementing online graduate degrees. On the other hand, the schools with moderate slack were not consistent in responding, either. One developed a fully online program early; the other has not yet developed one. Extremely high or low levels of organizational slack may deter the likelihood that an organization will embark on an innovative initiative, but whether those with moderate levels of slack do or do not innovate depends on other factors and is in itself not a determining factor of how they respond.

It is worth noting that one explanation for the study’s limited support for organizational slack as a predictor of innovation could be that the selected proxy of endowment level was not the best indicator of organizational slack, despite its apparent appropriateness. Colleges with higher endowment levels seemingly have more ability to withstand financial pressures, yet the possible restrictions of endowments could limit how these resources are utilized. In addition, using recent endowment levels may provide a false sense of organizational slack in previous years when early decisions were being considered. Participants in one case in particular mentioned a significant change in endowments brought in under the previous leadership. This variation in endowment levels over time may also have contributed to the disparity between how some cases were identified and how participants at that college perceived their resource situation. For example, Striver College represented one of the higher endowed cases, yet participants there referenced a lack of resources on multiple occasions. This phenomenon underscores the observation that participants’ self-perception
was not necessarily aligned with the intended study design and yet significantly impacted how decisions were made and interpreted.

As stated, the capabilities and limitations that were this study’s proxy for organizational slack were secondary considerations at best in the decision process of if and when to develop online degrees. Participants at the college that responded boldly and early by developing fully online programs was the one with less organizational slack based on the endowment level proxy used in the study’s matrix design. Despite the low level of organizational slack based on this proxy, participants indicated that resources were available for the initiatives deemed appropriate by institutional leaders. This finding suggests that organizational slack levels are not highly correlated with innovation. One important caveat, however, must be noted. Brand was not initially included as a resource identified for organizational slack in this study’s design, yet it can be considered a resource as in the case of Leader. Looking at organizational slack from this broader perspective adds credence to the limited support for organizational slack’s significance in decision making.

Several additional observations related to organizational slack are worth noting as well. First, participants at cases with less organizational slack were more focused on market needs, enrollment growth, and revenue generating potential than those with higher organizational slack. Secondly, cases with higher organizational slack were less driven by a focus on innovation and more likely to innovate on the fringe, if at all. Instead, quality outcomes were a stronger stated focus in the schools with higher organizational slack.

**Limited Support for Performance - Aspiration Gap**

Fourth, there was some, albeit mixed, support for the Behavioral Theory of the Firm: Performance - Aspiration Gap resulting in a problemistic search to reduce the discrepancy. In the study, the proxy used for performance - aspiration gap was rankings and the assumption was that institutions would aspire to be at least as highly ranked as they had been in the past,
and that they would aspire to be at least as highly ranked as their peers. Accordingly, the expectation was that programs that either fell in rankings or had peers that were more highly ranked would be focused on pursuing changes to decrease the gap between their current performance and their historical or social aspirations (Argote & Greve, 2007). A problemistic search for innovative solutions to reduce this gap was expected for cases with a greater performance – aspiration gap. For this study, rankings were the proxy used to determine performance – aspiration gap and the gap itself was determined by comparing rankings of peer colleges identified for the study. Following this line of logic suggests that the lowest ranked schools would be focused on innovative change strategies and the highest ranked schools would not. What emerged from the study, however, was that one of the higher ranked schools pursued online education while the other did not, and neither of the lower ranked schools actively pursued online education. Initially, these results imply that there is minimal support for the ideas of problemistic search to resolve performance – aspiration gaps.

What also became clear as a result of the analysis, however, was that comparing the rankings of these four cases may not have been an ideal proxy for performance – aspiration gap for multiple reasons. Based on an earlier finding, I argued that each school was focused on “what’s a place like us to do”, and that although the cases were selected for their similarities and commonalities, the college participants did not consider the other schools in this study to be their historical or social aspirant peers. Secondly, even if participants included in the study believed the other colleges to be their peers, the findings do not suggest that the primary indicator of a performance – aspiration gap was rankings. Instead, the findings suggest that participants sensed their own performance – aspiration gap was based on their particular context. Whether or not they engaged in problemistic search may have been correlated to a different discrepancy measure. For example, the findings support the idea of performance – aspiration gap leading to problemistic search if the performance gap is
based on a need for increased market growth. Both the lower endowed schools were highly focused on market needs, feasibly because they were experiencing a gap between their current and desired enrollments. Conversely, the higher endowed schools chose not to engage in a problemistic search because they did not perceive a performance – aspiration gap.

One final observation about the proxy for performance - aspiration gap is worth noting. As indicted, the thematic code of Brand, defined as reputation, rankings, and brand perception was intended to relate to performance – aspiration gap. The data, however, indicate that although this theme mattered most for the school with the highest rankings and least for the school that was unranked; the focus on brand consistently grew in significance for cases with higher levels of organizational slack. The case with the lowest endowment level was the least focused on brand, and in fact the brand theme was virtually non-existent. The case with the highest endowment level was the case that’s most dominant theme was that of brand prominence. Lastly, the two higher ranked cases both seemed to have a strong sense of who they were as an institution, and this cultural identity was strongly and consistently voiced by participants. The theme connected to this culture emerged as one of the most salient themes at each of these institutions. Conversely, the two lower ranked cases were experiencing a change in the culture at their institutions at the time of the interviews, and this transition was one of the most salient themes in their cases.

**Additional Contributions to Research**

Several additional observations inductively emerged and are worth discussing based on their potential contribution to the body of research including findings on top management teams, time-sensitivity of responses, and diffusion of innovation. Each is discussed briefly in the next several pages.
Top Management Teams

Top management team tenure impacted how colleges responded. At the two higher ranked institutions there seemed to be longer stability in the deans, with several of the last few deans serving for approximately ten years each. Conversely, the deans at the lower ranked schools had recently served for a short time and were initiating changes in the culture.

Not unexpectedly, deans demonstrated the broadest boundary spanning of the participants, and their perspective and intended strategies reflected their greater sense of what was happening in the industry and how a “place like us” should respond. Information Technology staff also seemed aware of changes in the industry for both technology and capabilities, but seemed to have marginal influence on how their institution responded. They viewed themselves as technological supporters but not drivers, and they had a tendency to see online education as potentially disruptive for higher education.

Also, whether or not a case established an online graduate degree early on was related to how interested or willing the top management team was to innovate. Having a dean that was influential and also prone to innovation resulted in the ability to creatively navigate the governance process to accomplish a vision. In the other cases, it seems that the top leadership either had alternate priorities or lacked the motivation and charisma to inspire bold action. In the lower ranked, higher endowed case, the dean specifically stated that there was no competitive advantage for the college to move into the online space now, given that that they did not have the resources to enter the market early. She did not see that there could be a sustainable advantage for the institution and felt strongly that a strategic approach that took their priorities into consideration was needed. Both situations support literature that suggests top management teams have significant influence on organizational responses (Hambrick, Cho, & Chen, 1996).
**Time Matters**

Another key observation was that time mattered for sense-making and how participant’s viewed strategy. Generally speaking, participants in this study made sense of their institution’s historic choices retrospectively, coloring these perceptions with the nuances of how their environmental context had shifted since that time. There was a potential for reframing the past situation and retrofitting a strategy. It was more common, however, for participants to state that they wished they could say their online initiatives were strategic, but that it was more of an emerging strategy that took root with the support of an early adopter champion.

With the insurgence of prominent brands moving into the online market and the increased legitimacy of online degrees, driven by greater acceptance of quality by students and employers, each college is exploring alternatives and working to develop an optimal strategy for their college. In other words colleges are asking the question, what’s “a place like us” to do about online education? How the college’s faculty and leadership have defined “a place like us” is the starting point of their emergent strategies.

In the lower ranked, lower endowed case, early online initiatives were not strategic or intentional on the part of the business school’s leadership. They were instead incentivized by units outside the college to meet the needs of the external marketplace across their state. In the higher ranked, lower endowed case, there was a culture of innovation and leadership that focused on experimentation and market growth. Early online initiatives were driven by market needs. Financial risks were minimal since the sponsoring companies had requested the program and paid the tuition for their employees who enrolled. Risk of being perceived negatively by corporate market that they were reaching was also low since these same companies were the impetus for the program. As a result of the culture, the leadership and the
financial model of the initial online program, risk was considered to be minimal for their particular situation.

**Diffusion of Innovation**

Another key finding is that when an institution had a self-described culture of innovation, innovation was initiated and diffused successfully, but when an institution did not, innovations took place outside the core programs and did not spread more broadly. One explanation for this is that in an innovative culture, stakeholders face less risk in supporting risky alternatives and that failure in some cases is expected and accepted. On the other hand this research suggests that in cultures that are content or not innovative, faculty who experiment with innovative initiatives are viewed as operating on the fringe. This lack of legitimacy within a college may deter others from supporting innovation, and this may explain the lack of diffusion of new initiatives. If innovative initiatives are small but successful, faculty in non-innovative cultures are not incentivized to diffuse the innovation more broadly. If initiatives are not successful, faculty resistance to trying experimental initiatives grows and reinforces the sense that it is better to not bother than to pursue ventures that are untested. For the institutions that innovate on the fringe, it seems that they never move up the adoption curve to a point of diffusion.

**Implications for Practice**

As described above, the current study adds to what we know about organizational decision making and provides insights about what matters in how colleges respond to potentially disruptive innovation. The findings indicate that there is not an easily defined or consistent set of factors that when considered, can ensure an optimal response to untested, potentially disruptive opportunities. There are, however, several keys that should guide decision making in the face of uncertainties.
Perhaps most significant is that leaders must take into consideration the historical, cultural and environmental context at the institution, factoring in perceptions of how the college stakeholders view themselves. Using the concept of “a place like us” as a foundation can help leaders to frame and navigate their particular environment. Contextual factors not only matter, but are often hard to change, particularly in a professional bureaucracy where there are many influential stakeholders.

For colleges with lower levels or organizational slack, the needs of the marketplace are highly relevant and likely to influence institutional responses to potential opportunities. Being aware of this reality can help leaders to support institutional priorities by maintaining alignment with the needs of external constituents and contributing to enrollment and revenue growth while simultaneously focusing on learning outcomes. College leaders with higher levels of organizational slack can focus their priorities on quality outcomes without being as encumbered by the pressures of limited resources. The study suggests that quality outcomes matter more at higher endowed colleges, perhaps as a result of the higher levels of organizational slack. Practitioners at higher ranked colleges may need to focus less on organizational slack than those at lower ranked schools, and more on the pressures that come with maintaining the high expectations of key stakeholders.

While these findings are not necessarily generalizable beyond the four cases studied, considering these key factors in light of a particular situation is advisable for those in positions of leadership in other college or not-for-profit settings. Understanding the specific cultural context, priorities and constructs of a particular college is important as a starting point for considering decisions. Leaders are similarly cautioned to avoid assumptions about peer institutions or isomorphic reactions when determining how to respond to uncertainty.
Limitations and Future Study Direction

The findings from this study are useful because they contribute to the body of knowledge on decision making, and because they provide insight to better equip not-for-profit leadership in shaping future responses. These contributions are substantial and yet they also create opportunities for future research.

To extend the contributions, future studies could explore alternative proxies for organizational slack. Endowment levels at higher education institutions are an available measure of resources beyond required operating capital, but there may be alternate proxies that would be equally relevant. Additionally, an average of the last three years of endowment levels was used for this study to reduce the potential of an outlier skewing the proxy. This design consideration was sound, yet future studies may benefit from a broader view of endowment levels that considers endowment levels over the course of the decision timing. This study did not consider endowment levels from early years, and whether or not this proxy for organizational slack changed significantly over the time studied may have had an impact on how the colleges responded.

Similarly, future studies could consider additional proxies for understanding performance – aspiration gap. Rankings were a sound starting point, but a future study could leverage multiple data points related to rankings, such as considering longitudinal rankings or those from several different ranking sources. Alternatively, based on the results from this study, a future study could survey participants at these institutions to broaden the number of participants, and provide additional insight on participants’ historical or social performance – aspiration gap.

The findings from the current study also serve as an excellent launch point for a future questionnaire that could be used to broaden the findings by considering other forms of higher education including community colleges, teaching colleges, and private institutions. A survey
could also control for differences in size of institution, geography, dean tenure and other factors that may influence how an institution responds. Broadening the context to other types of not-for-profit organizations and to other potentially disruptive innovations would provide insights as to whether or not these findings apply to other types of not-for-profit institutions. The generalizability of a multi-case study is quite limited and so duplicating and broadening the current study would be beneficial, as well.

Finally, the results from this study beg a different set of questions. Two tangential, yet no less interesting future directions to be explored are the relationship between leadership tenure and disruptive change response, and the role of faculty influencers/change agents in disruptive change response. Each of these ideas emerged from understanding participants’ sense of change management, but exploring them was well beyond the scope of this study.
APPENDIX
Semi-Structured Interview Questions

- Please share your recollection and perspective of how the college decided to (or not to) offer online degrees.
- At the time, what were your thoughts about online education for Colleges of Business? How significant did you think this might be?
- Why did you (or have you) consider(ed) offering online graduate degrees?
- What influenced this? (How did online graduate degrees become a consideration for the college?)
- At the time you made the decision, what other institutions were offering online business degrees?
- How would you describe the strategy used in how your college responded to the opportunity?
- What role did you play in the decision? Who else was instrumental in determining the college’s actions?
- What factors were most salient in the decision to (or not to) offer online graduate degrees?
- Do you believe that online education has the potential to significantly change traditional public universities? If so, in what ways?
- What else do I need to understand in order to have a full sense of what influenced your college’s response to online education?
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