The president and the college bottom line: the role of strategic leadership styles

Yoram Neumann
Provost and Chief Academic Officer, Professor of Business Administration, Touro University, California, USA

Edith F. Neumann
Dean and Professor of Health Science, School of Health, California State University, California, USA

Abstract
Examines university presidents’ strategic style and relates it to the college bottom line. Eight different presidents’ profiles of strategic leadership style are discussed and analyzed (integrator, net caster, focused visionary, focused performer, prioritizer, dreamer, implementor and maintainer). Three college outcomes are explored (enrollment growth, resource growth and quality improvement). The conclusion of the study is clear: presidents’ strategic leadership style is associated with the college bottom line. The pattern is very distinct: maintainers are directly associated with declining institutions while integrators and net casters are associated with successful institutions. The implications of these findings are discussed.

Introduction
In 1989, we conducted a study of presidents of private liberal arts colleges. An overall sample of 350 institutions was randomly selected, and 279 presidents actually participated in the study. The presidents were asked to respond to a questionnaire covering a variety of issues ranging from their cognitive style to actual management practices. One central topic of the study was related to presidents’ strategic leadership styles. Our assumption was that a president who makes a commitment to one institution for a relatively long period of time and is blessed with the appropriate strategic leadership style has a high probability of making an impact on the institution and improving its bottom line. Thus, in addition to assessing the strategic cognitive style of the president in 1989, we collected several outcome measures from various sources, which are essential to the college bottom line (and survival).

Five years later, we re-examined the same 279 colleges. Of the original 279 presidents, only 158 remained in the same position, while 121 (43 percent) were no longer presidents of the same institution. The data are consistent with the national norm; namely, the average tenure of a president is now about seven years. The same outcome measures were collected in 1995 for the 158 colleges whose presidents remained in the same position. The intention was to analyze college leaders who could have influenced the change process during the period between 1984-1994.

President’s strategic leadership skills
The idea of strategic leadership style is derived from the work of Bass (1985) on transformational leadership. Transactional leadership is a traditional management process through which the leader brings about desired actions from followers by using certain behavior, rewards, and incentives. This leadership is based on the premise that a transaction takes place between follower and leader. This type of leadership can result in acceptable organizational performance (although not optimal) in periods of high certainty, as well as low need for growth or change.

Transformational leaders, however, envision the organization’s future, articulate that vision to organizational members, and inspire and facilitate a higher level of motivation than those members have thought possible. Transformational leaders focus on the process of bringing about significant changes in the organization by emphasizing three distinct strategic leadership skills. The first skill is visioning, which is the leader’s ability to see the organization’s future clearly and completely. Visioning involves the desire to change the status quo, the tendency to adopt goals quite different from the status quo, the ability to identify opportunities in the environment, and the formation of a long-term growth path for their colleges. The second skill is focusing, which is the leader’s ability to move the college from concentrating on the status quo to adopt the new vision. Focusing involves the communication of the vision to others, the formation of a powerful guiding coalition, the concentration on new priority areas and niches, and the creation of the teams necessary for implementation. The third skill is implementing, which is the leader’s ability to carry out the various goals and plans of the new vision. Implementing involves the encouragement of various college members to proactively participate in carrying out the plans, inspiration of these members to achieve higher-order personal goals related to the vision, facilitation to realize the new goals in a timely manner by removing road blocks and obstacles, and the
ability to provide timely feedback to individu-
als, teams, and units as to how well they
perform in relation to the vision.

Strategic leadership style is the combina-
tion of three different individual skills and
abilities:
1. visioning;
2. focusing; and
3. implementing.

For our study, an instrument to assess these
skills was devised, pre-tested, and included
as part of the questionnaire. Each skill was
assessed by a group of four items. Each item
was measured on a five-point scale ranging
from 1 (very weak) to 5 (very strong).

Presidents who rated themselves as strong (4)
or very strong (5) on each of the four items
were classified “high” on that particular
skill. If one or more of the items in a
particular skill were rated as 1 (very weak),
2 (weak), and 3 (medium), the president was
then classified “low” on that particular skill.

The results of the classification are inter-
esting. A total of 55 presidents were classified
“high” on visioning (35 percent) while 103
presidents were classified “low” on visioning
(65 percent). High focusing skill was found
among 68 presidents (43 percent) and, low
focusing ability among 90 presidents (57
percent). Finally, high implementing ability
was found in 88 presidents (56 percent) and
low implementing ability in 70 presidents
(44 percent).

These three strategic skills are important
for two reasons. First, each one of the
presidential skills can be related to the
college bottom line. The logical assumption is
that colleges with high visioning presidents
will do better than colleges with low vision-
ing counterparts. Similarly, presidential
focusing and implementing abilities are
expected to have positive effects on achieving
the college strategic objectives. Second,
strategic skills are the basis for identifying
the president’s strategic style.

**President’s strategic style**

When the combination of the three strategic
skills data was analyzed, we arrived at eight
different strategic leadership types. The eight
types are all possible combinations of
visioning (high or low), focusing (high or
low), and implementing (high or low). The
eight types are indicated by the following
symbols: V = visioning, I = implementing,
F = focusing, 1 = high, and 2 = low. The eight
types can be arranged in four levels of
effectiveness and efficiency as shown in
Figure 1.

![Figure 1](image_url)
The eight strategic leadership types

<table>
<thead>
<tr>
<th>Level</th>
<th>V</th>
<th>F</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>V1</td>
<td>F1</td>
<td>I1</td>
</tr>
<tr>
<td>Level 2</td>
<td>V1</td>
<td>F2</td>
<td>I1</td>
</tr>
<tr>
<td>Level 3</td>
<td>V2</td>
<td>F1</td>
<td>I2</td>
</tr>
<tr>
<td>Level 4</td>
<td>V2</td>
<td>F2</td>
<td>I2</td>
</tr>
</tbody>
</table>

Level 1 includes one type (V1 F1 I1), the
president who is rated high on all three
dimensions:
1. visioning;
2. focusing; and
3. implementing.

This strategic type is the true transforming
leader who is capable of integrating the three
different skills needed in a successful
organizational change. We called this
strategic leadership type the Integrator.

Level 2 includes three types with a com-
mon denominator: high rating on two of the
strategic skills and low on the third one. The
first of the second level profiles (V1 F2 I1) is a
president with high visioning, high imple-
menting, and low focusing skills. This type
has the ability to identify true opportunities
and grasp the vision, but does not focus and
may try several initiatives simultaneously.
This type can perform well despite his/her
over-extending undertaking, because of high
implementation skills. We have defined this
strategic leadership type as the effective net-
caster. Next, we have identified a group of
presidents high in visioning and focusing but
low in implementation (V1 F1 I2). These
leaders can formulate the vision and focus
the organization toward that vision but lack
implementation skills. We have called this
strategic leadership type the focused vision-
ary. The third type of the second level is a
leader with low visioning but high ability to
focus and implement once a vision was
chosen (V2 F1 I1). This leader needs consid-
erable help in identifying the right course for
the organization and sometimes may select to
follow a sub-optimal path. This strategic
leadership type is defined as the focused
performer.

Level 3 includes three strategic leadership
types, each with two of the skills rated low
while the third skill is rated high. The first of
these profiles (V2 F1 I2) is a person with low
visioning, low implementing, and high
focusing skills. This leader is not effective in
formulating a vision or in implementing it
but he/she can take the right steps for the
organization to focus on goal-related activ-
ities and setting the priorities to match the
college vision. We have named this strategic
leadership style as the prioritizer. The third
level’s second type is the leader with high
vision, but low focusing and implementing skills (V1 F2 I2). This leader identifies the appropriate vision for the college but does not possess the skills to either focus or implement this vision. Such a president can set a path for the college but needs a competent team to articulate, communicate, follow and implement a comprehensive plan. We have defined this strategic leadership type as the dreamer. The third type of the third level is a leader with low visioning and focusing skills and high implementing skills (V2 F2 I1). This president can function well in a college with an established vision and with all the focused processes in place. In this circumstance, the third phase of the strategic planning process, implementation, is called for. We have named this strategic leadership type the implementor.

Finally, the fourth level contains one strategic leadership type, the president with low visioning, low focusing, and low implementing abilities (V2 F2 I2). This president cannot really function as a transformational leader and will usually survive in relatively stable environments with no need for significant changes. This strategic type was named the maintainer (Table I shows an overview of college presidents’ strategic styles).

### The bottom line

Private liberal arts colleges, like many institutions of higher learning, are basically concerned with three major outcomes. These three important consequences include:
1. enrolment;
2. resources; and
3. quality of academic programs.

The size of student enrolment is a key for understanding college and university vitality and attractiveness. This is especially the case for private colleges, where the connection between student enrolment and tuition revenues is clear. At private colleges and universities generally, tuition revenues account for about 80 percent of all revenues. For private liberal arts colleges, tuition revenues account for an even higher portion of the revenues, since their endowments are significantly smaller than those of private research universities. Hence, for private liberal arts colleges, the size of enrolment is the key factor for organizational survival. We compared the enrolment of the 158 colleges in two points of time: 1989 and 1994. For simplicity, we classified the enrolment growth and decline into five categories:
1. enrolment was reduced by more than 15 percent;
2. enrolment was reduced by more than 5 percent but less than 15 percent;
3. enrolment was reduced by less than 5 percent or was increased by less than 5 percent;
4. enrolment was increased by more than 5 percent but less than 15 percent; and
5. enrolment was increased by more than 15 percent (see Table II).

The second dimension of the bottom line involves resource generation from tuition and endowment yield in real terms (taking into account inflation). This dimension fits with the most accepted measure of organizational effectiveness, namely, resource acquisition or the financial viability of the college. Again, we measure overall resources generated in 1989 from tuition and endowment and compared it with resources generated from tuition and endowment in 1994, adjusted for inflation and different interest rates. For consistency, we used the same categories as for enrolment growth (see Table III).

The third dimension, which is very important to the institution, is the quality of the academic programs (Table IV). While there is no acceptable standard measuring this dimension for private colleges, many
Publications attempt to assess this facet by means of various rating scales. We have decided to use two of the most established guides for this purpose: the Barron’s and Cass and Birenbaum’s Guides.

We compared college ratings on these two guides in 1989 and 1994, and classified them into three categories:

1. The college rating was downgraded by one of the guides and remained the same or was downgraded by the second guide.
2. No change in rating.
3. The college rating was upgraded by one of the guides and remained the same or was upgraded by the second guide.

Table II
Enrolment growth and decline, 1989-1994

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of colleges</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reduced by more than 15 percent</td>
<td>9</td>
</tr>
<tr>
<td>2</td>
<td>Reduced by 5 percent to 15 percent</td>
<td>34</td>
</tr>
<tr>
<td>3</td>
<td>Reduced or increased by less than 5 percent</td>
<td>56</td>
</tr>
<tr>
<td>4</td>
<td>Increased by 5 percent to 15 percent</td>
<td>41</td>
</tr>
<tr>
<td>5</td>
<td>Increased by more than 15 percent</td>
<td>18</td>
</tr>
<tr>
<td>Totals</td>
<td>158</td>
<td>100</td>
</tr>
</tbody>
</table>

Table III
Resource growth/decline, 1989-1999

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of colleges</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reduced by more than 15 percent</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Reduced by 5 percent to 15 percent</td>
<td>27</td>
</tr>
<tr>
<td>3</td>
<td>Reduced or increased by less than 5 percent</td>
<td>66</td>
</tr>
<tr>
<td>4</td>
<td>Increased by 5 percent to 15 percent</td>
<td>43</td>
</tr>
<tr>
<td>5</td>
<td>Increased by more than 15 percent</td>
<td>19</td>
</tr>
<tr>
<td>Totals</td>
<td>158</td>
<td>100</td>
</tr>
</tbody>
</table>

Table IV
Quality improvement/deterioration, 1989-1994

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of colleges</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Quality was downgraded</td>
<td>24</td>
</tr>
<tr>
<td>2</td>
<td>Quality remained the same</td>
<td>96</td>
</tr>
<tr>
<td>3</td>
<td>Quality was upgraded</td>
<td>38</td>
</tr>
<tr>
<td>Totals</td>
<td>158</td>
<td>100</td>
</tr>
</tbody>
</table>

The president and the college bottom line: the role of strategic leadership styles

The basic idea of our study is that colleges and universities need certain strategic leadership styles at the top to guide them successfully through a period that requires many changes. The most successful strategic leadership styles need to match several of the skills of a transformational leader (see Table V).

Colleges with integrators as presidents experienced the maximal enrolment growth (4.75), the net casters are second in enrolment growth (4.17), while the focused visionaries are the third (4.00). The maintainers experienced the worst outcomes resulting in considerable enrolment decline (1.96), the implementors, on average, experienced minor enrolment decline (2.80) while the dreamers produced no significant changes (3.00). The focused performers and the prioritizers experienced small enrolment growth (3.37 and 3.33, respectively). Overall, strategic leadership style accounts for 54 percent of the enrolment growth variation ($p < 0.001$).

The mean enrolment growth level for high visioning presidents is 3.87, while the mean enrolment growth level for low visioning presidents is 2.78 ($p < 0.001$) Table VI.

President strategic leadership types and the bottom line

The basic idea of our study is that colleges and universities need certain strategic leadership styles at the top to guide them successfully through a period that requires many changes. The most successful strategic leadership styles need to match several of the skills of a transformational leader (see Table V).

Table V
Mean enrolment growth/decline level by strategic leadership style

<table>
<thead>
<tr>
<th>Strategic type</th>
<th>Mean level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrator</td>
<td>4.75</td>
</tr>
<tr>
<td>Net caster</td>
<td>4.17</td>
</tr>
<tr>
<td>Focused visionary</td>
<td>4.00</td>
</tr>
<tr>
<td>Focused performer</td>
<td>3.37</td>
</tr>
<tr>
<td>Prioritizer</td>
<td>3.33</td>
</tr>
<tr>
<td>Dreamer</td>
<td>3.00</td>
</tr>
<tr>
<td>Implementor</td>
<td>2.80</td>
</tr>
<tr>
<td>Maintainer</td>
<td>1.96</td>
</tr>
</tbody>
</table>
Similarly, the mean enrolment growth for high focusing presidents is 3.79 percent and the mean for low focusing presidents is 2.68 ($p < 0.001$). Finally, the mean enrolment growth for high implementing presidents is 3.35 and the mean for low implementing presidents is 2.68 ($p < 0.001$). The overall mean enrolment growth level for the entire sample is 3.16.

Colleges whose presidents are integrators experienced the maximal resource growth (4.93), the net casters are distant second (4.33), while the focused visionary and focused performer are ranked third and fourth respectively (3.95 and 3.60). Conversely, the maintainers, experienced the worst decline in resources (2.41), while the implementors are ranked second with a slight decline in their resources (2.83). Colleges with dreamers experienced stability in their resources while the prioritizers produced minor gains in resources (3.33). Overall, strategic leadership style accounts for 56 percent of the resource growth variation ($p < 0.001$).

The mean resource growth/decline is 3.93 for high visioning presidents and 2.97 for low visioning presidents ($p < 0.001$). Similarly, the mean quality improvement/decline for high focusing presidents is 2.34 and the same mean for low focusing presidents is 1.95 ($p < 0.001$). Finally, the mean quality change for high implementing presidents is 2.15 while the same mean is 2.01 for low implementing presidents ($p < 0.05$).

### Strategic leadership impact on the college

In order to examine the overall impact of strategic leadership on the college bottom line, we consider the more objective measures of outcomes:

- enrolment growth/decline;
- resource growth/decline.

The first category to be examined is declining institutions. Our definition of a declining institution is a college that experiences a decline in either enrolment and/or resources. In case of institutions experiencing a decline in one measure only, our definition requires that the second measure remains at no-growth level. The implication is that colleges in a declining mode are either stagnant on one measure and declining on a second measure, or declining on both measures. Overall, 49 colleges in our sample of 158 can be classified as declining institutions (31 percent).

Table VIII presents the distribution of declining colleges by strategic leadership type. The conditional probability analysis may reveal the true pattern. The
interpretation is quite simple: in a group of 100 focused performers as presidents, 13 are likely to be associated with declining institutions while in a group of 100 dreamers as presidents, 29 are likely to be associated with declining institutions. Similarly, implementors are likely to be associated with declining colleges in 38 percent of the cases. The most revealing finding is that out of 100 maintainers in top leadership positions at the colleges, 93 are associated with declining institutions. The pattern is striking. The phenomenon of declining institutions is clearly a function of the strategic leadership type of the college’s president. Maintainers are overwhelmingly associated with declining colleges, implementors are distant second, while dreamers are ranked third.

The second category includes the major declining institutions, which consists of those colleges which experienced decline in enrolment as well as decline in resources (Table IX). Overall, this subgroup of declining institutions represents a more significant case of organizational deterioration. This subgroup includes 18 colleges in our sample (11 percent). Put another way, one out of nine colleges in our sample suffered losses in both enrolment and resources.

Out of the 18 institutions experiencing decline in both enrolment and resources, one has a dreamer as its president, seven have implementor as president, and ten have a maintainer as president. The conditional probability analysis reveals that one out of six presidents who are implementors and 37 percent of the presidents who are maintainers are associated with major declining institutions. Again, maintainers have the highest probability to be associated with major declining institutions, while implementors are ranked second.

The third category consists of institutions experiencing enrolment growth as well as resource growth. This category, defined as successful colleges, includes 44 institutions (28 percent).

Table X presents the distribution of successful colleges by strategic leadership types. All the integrators and the net casters in our sample are associated with successful colleges. A total of 65 five percent of the focused visionaries (two out of three) are also associated with successful colleges. Finally, one out of three focused performers (33 percent) is also associated with successful colleges. All other strategic types have negligible representation in the successful colleges.

The pattern is very interesting. Without any exception, all integrators and net casters have had positive effects on both enrolment growth and resource growth. Two-thirds of the focused visionaries and one-third of the focused performers have had similar effects.

The last category consists of institutions which experience growth of more than 15 percent in both enrolment and resources. We have defined those institutions as the

<table>
<thead>
<tr>
<th>Strategic type</th>
<th>Frequencies</th>
<th>Conditional probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrator</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Net caster</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Focused visionary</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Focused performer</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Prioritizer</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Dreamer</td>
<td>1.0</td>
<td>0.06</td>
</tr>
<tr>
<td>Implementor</td>
<td>7.0</td>
<td>0.17</td>
</tr>
<tr>
<td>Maintainer</td>
<td>10.0</td>
<td>0.37</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>18.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Table IX

<table>
<thead>
<tr>
<th>Strategic type</th>
<th>Frequencies</th>
<th>Conditional probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrator</td>
<td>12.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Net caster</td>
<td>6.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Focused visionary</td>
<td>13.0</td>
<td>0.65</td>
</tr>
<tr>
<td>Focused performer</td>
<td>10.0</td>
<td>0.33</td>
</tr>
<tr>
<td>Prioritizer</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Dreamer</td>
<td>1.0</td>
<td>0.06</td>
</tr>
<tr>
<td>Implementor</td>
<td>2.0</td>
<td>0.05</td>
</tr>
<tr>
<td>Maintainer</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>44.0</strong></td>
<td></td>
</tr>
</tbody>
</table>
maximal growth colleges. Overall, ten colleges belong to this category (6 percent).

Table XI reports the distribution of maximal growth colleges by strategic leadership style. Two of the ten colleges have prioritizers as presidents. The majority of the maximal growth colleges have integrators as their president. Furthermore, two-thirds of all integrators in our sample (eight out of 12) are associated with maximal growth colleges.

### Conclusion

The major conclusion of this study is clear: presidents’ strategic leadership style is associated with the college bottom line. The pattern is very distinct. Maintainers have the strongest odds to be associated with negative outcomes. A total of 37 percent of the maintainers were associated with major decline, and 93 percent of the maintainers were associated with declining institutions. Similarly, the second strategic type to be associated with negative outcomes is the implementor, although they are ranked far behind the maintainers (17 percent were associated with a major decline and 38 percent were associated with declining colleges). The implication is revealing. Presidents without either visioning or focusing abilities may lead their institution through non-productive paths, although implementing skills may mitigate the final outcome.

Similarly, college success is strongly associated with the president’s strategic leadership style. Integrators and net casters clearly result in successful colleges (100 percent), while two-thirds of the visionary leaders are associated with successful colleges. Integrators are the only type who play a significant role in determining maximal growth. Two-thirds of presidents who are integrators are associated with maximal growth. There is one common denominator between successful and maximal growth colleges: visioning is a necessary condition for both. Successful colleges need leaders with high visioning skills and either high focusing and/or high implementing skills. Maximal growth colleges need leaders who are high on all these skills.

The findings are important for search committees looking for new presidents, as it seems that the president’s strategic leadership style can play an important role in determining the future success of the college. Maintainers and implementors may not result in positive outcomes, while integrators may prove to be the best choices for colleges looking for maximal growth and positive results. Presidential job announcements need to take into account the various strategic leadership skills needed for the college. If used, executive search organizations need to be instructed to screen candidates resembling integrators. The campus search committee needs to focus its activities so that the various strategic leadership skills will be examined and assessed for each candidate.

### Table XI

Maximal growth colleges by strategic leadership style

<table>
<thead>
<tr>
<th>Strategic type</th>
<th>Frequencies</th>
<th>Conditional probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrator</td>
<td>8.0</td>
<td>0.67</td>
</tr>
<tr>
<td>Net caster</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Focused visionary</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Focused performer</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Prioritizer</td>
<td>2.0</td>
<td>0.07</td>
</tr>
<tr>
<td>Dreamer</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Implementor</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Maintainer</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>10.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Reference