CORPORATE PLANNING IN THE NEW MILLENNIUM: HOPES AND CHALLENGES

by

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A NEW SCENARIO

The national educational scenario at present, is a far cry from the old days. Now we face all kinds of challenges from inside and outside the country which are having a hand in shaping the orientation of education. The impact of globalisation, the development of information technology and the emergence of IPTS are the main factors in the shaping of the new scenario. For example, the **globalisation of education** has come about as a result of the revolution in computer and information technology which has opened the way to innovations in the process of information transfer. Distance learning, teaching via interactive video and teleconferencing, learning via computer networks, satellite communication and the internet have given the masses the opportunity to access higher education unhindered by social, financial and geographical constraints. In an era of democratisation of education, students have vast opportunities to choose where and what they wish to study and are more discerning about value for money. Competition between universities is becoming increasingly keen, at national as well as international level. In short, higher education must be ready to face new challenges and possibilities. This requires the ability to deal with a number of fundamental issues.

1. **The management of change**

    The management of change involves the process of adapting oneself to an ever-changing environment and dealing with new ever-more complex challenges. Even though universities in Malaysia have a tradition of excellence which can be the foundation for future development, I believe that the time has come for IPTA to *begin to do something different and not just continue doing the same things in a better way.* Development must move from gradual to quantum leap. Such a task requires a kind of paradigm shift

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particularly in the areas of academic development and human resource management.

2. Quality Management

In a global market typified by fierce competition, the universities have to offer programmes of study which are of high quality and successful in fulfilling the requirements of the clients. The present curriculum must be regularly monitored to ensure that it meets the requirements of the market. However, universities have to be guided when making decisions about competition by clear quality assurance criteria, optimal use of resources and comparative advantage.

The future of a university is now and must always be determined by student needs. When student needs change, universities must also change. However, the commitment of a university towards quality, quality teaching, quality research, quality management, must be maintained and not be allowed to change or weaken.

3. National needs management

Our country has specific educational needs and policies to address them. For example, the national need to turn Malaysia into a centre of academic excellence in this region will influence the orientation of the university. In this context, IPTA and IPS must be prepared to compete at national and international levels; the niche areas must be identified and developed and the use of appropriate information technology stepped up.

At present, the level of IT usage in the educational sector in this country is still low. Given this fact, IPTAs should all commit themselves to start taking concrete and radical steps to draw up development plans for **E-Universities** to be in place within five years.

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- **The concept of the E-University:**

    The setting up of E-Universities does not just involve the use of sophisticated systems to assist teaching, learning and the management of the university. It also involves the management of change and business process re-engineering. In other words, E-Universities can be seen as a 'reinvention' of the university as an enterprise whose function and position in society are becoming increasingly important in the process of culturalising a knowledge economy in Malaysia.

    In order to ensure the success of E-University projects, a climate of communication, co-operation and resource-sharing between IPTA and the Ministry of Education must be created to increase productivity, effectiveness and competitiveness, using communication and information technology.

The need to deal with the basic issues which have just been discussed requires IPTA/IPTS to take a **macro** approach to planning for the future (long term and global) and not leave institutional development to **micro** planning (short term and localised) or merely to chance.

In my view, the requirement for effective university management **begins** with the creation of an overall strategic plan and **ends** with a global assessment of the performance of the university in implementing the plan. We can learn much from the experience of universities in advanced countries, particularly, the United States, the United Kingdom and Australia.

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THE EXPERIENCE OF ADVANCED COUNTRIES

In the late 1980s, public universities in the United States, the United Kingdom and Australia went through an era of great change. Three main factors brought about these changes:

1. Drastic reduction in the funding of public universities.

2. Increased requirements for university accountability and responsibility and stringent standardization of procedures for scrutiny

3. Changes in the world as a result of globalisation, information technology development and stiff competition in the educational market.

The initial reaction to the reduction of government funding to public universities was to increase educational fees. However, such action has certain limits as not all students come from wealthy families.

In general, there are three approaches which have been taken by the public universities in their effort to deal with the new challenge. They are:

1. Changing into semi private institutions or wholly private institutions. Examples of universities which have opted for this approach are the Universities of Michigan, Virginia and Oregon.

2. Setting up a private establishment in order to carry out a number of educational activities. For example, the University of Melbourne has established **"Melbourne University Private Limited"**. The Faculties and Departments in the university are encouraged to offer educational services through contracts (outsourcing) to Melbourne University Private Limited.

3. Maintaining public status but modifying the structure of university organisation in order to deal with the financial constraints and increased public accountability. For example, Indiana University has implemented an overall strategic planning system.

Whatever the approach used, there are **two critical issues** which have arisen out of the experience of these public universities:

1. The universities affected have made corporate planning a system or a crucial process in the organisation of the university.

2. The universities have made quality assurance a crucial agenda in corporate planning.

In realising these decisions, universities in advanced countries have typically taken **seven basic steps**:

1. Re-examining and affirming the university's mission statement and the university's operational principles.

2. Integrating the university with the public and private sectors through the formation of a network of smart partnerships.

3. Giving primary focus to excellence in teaching and research.

4. Increasing accountability through approaches such as Quality Assurance, TQM concepts, University Performance Audit and the recognition of ISO.

5. Emphasising the marketing of educational services offered by the universities (a focus on commercialising services).

6. Emphasising student retention in the university.

7. Emphasising balanced budgets and the implementation of the concept of responsibility-centred management.

CORPORATE ORGANISATION APPROACH

The idea of corporate planning has long been used by corporate organisations and large business companies. In these organisations, planning is carried out as part of a dynamic system. Comprehensive planning is seen as the key to ensuring the success of a corporate organisation. In general, there are five policies which have been adopted by multinational corporations in transforming the functions of corporate planning executives:

1. *To recognise that corporate planning is a critical process in the overall activities of an organisation*

Organisations must realise that the corporate planning personnel are not merely technical officers with some knowledge of the products, strategies and objectives of the organisation but business executives.

The process of strategic planning to cope with rapid changes in the market place requires effective input and initiative from the corporate planning executives. Corporate planning personnel must understand the activities which are taking place, be aware of future direction, and identify members of the organisation who can assist them to achieve their objectives.

Corporate planning personnel can help the organisation to identify the skills and expertise needed to operate effectively in new markets (through the process of environmental analysis). By understanding future problems, corporate planning personnel can assist the CEO in identifying and training executives who will solve the problems. Satisfying the needs of tomorrow requires planning today.

2. *To make corporate planning executive officers members of the Top Management of an organisation.*

Corporate planning executive officers should be members of the Top Management and be directly responsible to the CEO. It is imperative that they have a more profound knowledge of corporate policy, plans and culture. In other words, corporate planning executive officers must be managers who are able to anticipate productively (anticipative management).

3. *To change the function of corporate planning from a processing mechanism to that of a key activator in organisational development.*

In facing global competition, organisations need to be proactive in exploring opportunities and new markets and in attracting a high potential workforce. A reactive response may weaken an organisation.

The challenge faced by corporate planning executive officers is that they need to be aggressive and dynamic in their efforts to assist the CEO in formulating the strategic direction of the organisation. In such a context, they cannot take for granted the goodwill of others in obtaining important information about organisational activities. On the contrary, they need to devise a system for obtaining such information effectively.

4. *To give emphasis to training and development for all managers to enable them to understand and appreciate the process of corporate planning.*

Everyone in an organisation has specific reponsibilities in implementing the corporate plan which has been prepared. We cannot expect the members of an organisation to carry out their functions effectively, if they are not provided with specific training. In corporate planning there is a body of concepts and basic processes which have to be well understood.

5. *To ensure unity in an organisation by selecting managers and leaders who are really able to internalise corporate culture, values and goals.*

In the new millennium, almost every corporate organisation finds itself in a global market and facing fierce competition. Cultural differences among members of global organisations cannot be avoided. However, by emphasising shared aims and values the CEO can ensure that the organisation functions as a united and viable enterprise.

In terms of financial and staff allocation, a university is a huge corporate organisation. Indeed the university is now seen as a service industry providing a range of services to different clients. Therefore, part of what happens in the world of commerce will also happen in the world of higher education.

I believe that some of the policies implemented by large corporate organisations in making their corporate planning a success are relevant to IPTA and IPTS in this country.

THE MALAYSIAN CONTEXT

Our country has cultural patterns and educational practices which are rather different from those found in other countries. Therefore not all of the approaches used by IPTA in advanced countries can be adopted here in facing the new challenges. For example:

1. The existing educational policies in this country do not permit IPTA to become IPTS. In this context, the concept of university corporatisation is sometimes misinterpreted. In the University and University College Act 1996, the corporatisation of universities does not mean that an IPTA changes its entity and status to become an IPTS. What is suggested is that through the process of corporatisation an IPTA will be managed as a
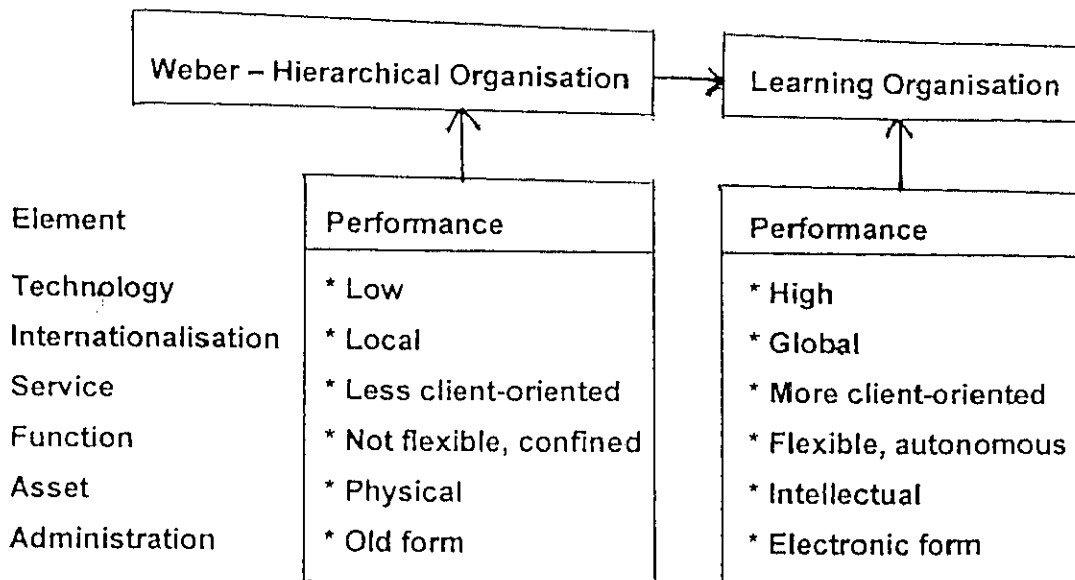
corporation and that this will lead to increased effectiveness. Specifically, the corporatisation of IPTA is intended to give greater autonomy to the management of IPTA to enable them to implement their core business more effectively.

2. Tuition fees in IPTA for Bachelor Degrees are fixed by the Ministry of Education. The IPTA cannot increase or reduce the fees arbitrarily. Greater autonomy through the process of IPTA corporatisation does not, however, mean that they are not bound by responsibilities to the government and the people.

3. Almost all the financial allocation to the IPTA comes from the government. In contrast with advanced countries, the private sector in Malaysia is still not in a position to provide research grants, financial assistance and sufficiently attractive consultancy fees to subsidise part of the expenses of the university.

Taking into account these realities, the only option left to the IPTA in Malaysia is to continue being IPTA but world-standard IPTA. To achieve this objective IPTA must shift their paradigm of management and service from a *factory model* of the industrial age to that of a *constructive model* of the global information era.

UNIVERSITY PERFORMANCE

The constructive model for IPTA begins with the building of a solid foundation. The foundation involves, among other things, comprehensive corporate planning. In recent years, IPTA have undergone a number of dramatic changes. The diagram below illustrates the trends of the changes in the form of a continuum.

| Weber – Hierarchical Organisation | → Learning Organisation |

Element	Performance	Performance
Technology	* Low	* High
Internationalisation	* Local	* Global
Service	* Less client-oriented	* More client-oriented
Function	* Not flexible, confined	* Flexible, autonomous
Asset	* Physical	* Intellectual
Administration	* Old form	* Electronic form

The performance of IPTA/IPTS in Malaysia differs from one another in a number of critical aspects such as technological development, internationalisation, types of services they provide, organisational functions, focus of activities, and style of administration. Performance level in these critical aspects must be taken into account in our effort to establish a system of comprehensive corporate planning.

ELEMENTS IN CORPORATE PLANNING

Basically, corporate planning can be seen as a continuous process of planning and administration which connects all activities and operations of the university to a global corporate mission, long term objectives, and a viable method of implementation. Corporate planning rests on **six key activities:**

1. **Maximising human resources**

   In the effort to carry out a corporate mission, the most important element is the people who are members of the university. A university must focus on providing an environment which is friendly, rich, creative, and varied for learning and work for all staff and students of the university. A user-friendly university community is crucial in achieving excellence in education or work.

In short, a university has to cultivate and develop a sense of excellence in each and every member of the university organisation.

2. **Planning the physical environment**

   A university must have a Master Plan for the physical development of its campus for the next 10 to 20 years. Such a plan serves to chart the direction of future physical expansion over a long term period.

3. **Establishing the structural organisation of a university**

   The organisation and administration of a university has to be enhanced from time to time taking into account the establishment of various new centres of reponsibility, the need for quality assurance, and the development of information technology. For example, a more flexible system needs to be implemented, particularly in offering programmes of study and selecting students. Enhanced structural organisation will provide society with the widest possibilites of access to higher education.

4. **Encouraging co-operation and internationalisation**

   Co-operation at national and international level with both public and private sectors to increase the viability of the university is essential in this era of globalisation. A university needs to be a member of the global community. Appropriate partnerships with institutions, agencies, and industries can assist the university to compete at higher levels. Internationalisation can change our thinking towards global culture and standardisation.

5. **Using technology wisely**

   A university has to be aware that a technology used wisely is the most valuable tool which can assist in improving the quality of teaching, learning and research.

6. Improving the services provided

Information increases at a very rapid rate indeed. The programmes of study offered by universities have to take into account current circumstances and future needs. In this context, greater emphasis is required on research activities, scholarship and extending the frontiers of knowledge. In addition, universities must recognise the essential function of writing and publishing activities which benefit not only intellectuals but society as a whole. Quality must be the all important criterion in every aspect of university activities: administration, teaching, research, and service. In this context, a university has to be more responsible for the financial assistance it receives from the government and the society.

As a conclusion, IPTA and IPTS in our country are facing a range of challenges in the new millennium. The management of IPTA and IPTS should not be complacent and satisfied with their current achievements. They have to establish an effective corporate planning system and utilise its strength creatively and constructively to ensure that the planning is implemented successfully. The elements discussed above can be used as focal points in the process of corporate planning.

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