

ABSTRACT

Title of Document: ORGANIZATIONAL CHANGE: A
RETROSPECTIVE EXAMINATION OF THE
TRANSITION OF A PROPRIETARY
SCHOOL TO A DEGREE-GRANTING
COLLEGE

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Doctor of Philosophy, 2008

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This study examines factors that influenced individuals who participated in, and affected, the transformation of TESST Institute of Technology (TESST), a private career school, to change into a degree-granting college. The study seeks to identify how the participants influenced decisions as part of a social exchange process that took place during the organizational change. Specifically, the study examines values which may have influenced people in the institution to seek the organizational change.

This study employs a single case study design bounded by time and events that took place from 1998 to 2001, prior to the institution's transformation, employing a qualitative, descriptive methodology. A review of the relevant literature was undertaken and a theoretical framework was developed for the study. Data was

obtained from interviews with participants who experienced the change process and an examination of institutional documents.

The data produced evidence of external trends and internal organizational factors that influenced individuals to consider changing TESST's occupational mission and training programs. The data was analyzed against the theoretical framework which served as a screening instrument for identifying values, linking variables with the appropriate theories and for validating or ruling-out variables. Most of the values that were identified in the literature review proved to have operated as variables that motivated the individuals to initiate organizational change. Two new variables were identified in the analysis.

The study also examined how key individuals promoted the organizational change initiative by way of social exchange processes such as negotiation, bartering and trading. These activities incurred internal conflicts in the institution, external conflicts with traditional and competing institutions, and resolutions all of which were found to have been motivated by values/variables.

The study concluded that no single factor influenced organizational change at TESST. Rather change involved a combination of factors. Further, change did not follow a linear process. Additionally, the framework proved to be a reliable instrument for analyzing data and warrants further application and research.

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TRANSITION OF A PROPRIETARY SCHOOL TO A DEGREE-GRANTING
COLLEGE

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Dissertation submitted to the Faculty of the Graduate School of the
University of Maryland, College Park, in partial fulfillment
of the requirements for the degree of
Doctor of Philosophy
2008

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Dedication

This study is dedicated to dear friends who are no longer here. My friend Connie Cox was a fellow student in the same doctoral program and a coworker. Sadly, her life ended before she could complete her dissertation. I kept my promise to you, Connie.

I also dedicate my dissertation to Dr. Regina Lightfoot, my former boss at the Commission, who fell ill and passed away a year ago. She often quoted Eleanor Roosevelt to inspire me and keep me on track.

Acknowledgements

I have spent many years working towards the completion of my doctorate but not without the support of so many people. I thank my advisor, Dr. Frank Schmidlein, for having confidence and for prodding me along through challenging stages in my career, personal life and studies. His wisdom, big heart and enthusiasm helped to motivate me. Even while traveling to conferences around the world, he remained available when I needed his guidance. For this I will always be grateful.

Thanks go to my dissertation committee members and other faculty who encouraged me. They provided sage advice and insights that helped me complete this work. Committee member, Dr. Thomas Weible, Professor and Associate Dean, was the first to encourage me to apply for admission to the doctoral program. Dr. Robert O. Berdahl, Professor Emeritus, first advised me early in the program and challenged me intellectually in his classes from which I benefited. Dr. George Marx kindly provided keen advice as did Dr. Marvin Titus. My former Professor Betty Malen was extremely generous and continued offering advice to me on case study methodology.

I am grateful to the people with whom I work at the Maryland Higher Education Commission for granting time off and financial support during this long process. Secretary of Higher Education Dr. James E. Lyons, Sr.; Assistant Secretary Dr. George W. Reid; Dr. Sue Blanshan; Ann Walker; Christopher Faulkenhagen; and many others I work with have all provided words of encouragement.

I will always remain grateful to those affiliated with TESST College of Technology (TESST) for providing me the opportunity to do a case study of the institution's organizational change. In order to maintain their anonymity I have

reluctantly refrained from listing their names when expressing my deeply felt appreciation that they so deserve. These fine people kept their promise to me made long ago making it possible to access the institution and do a case study on TESST. Now the story of TESST will be told and a contribution will have been made to organizational change research.

Thanks go to my family for providing moral support and believing in me. I was a single mother but never felt alone raising my daughter Elysia. My parents Mary and Bill Segura and my sister Ann provided coverage (and lots of love) for Elysia while I was attending evening classes. Dad and Uncle Peter never once complained about the long distance drive to Annapolis to pick her up from school or Girl Scout meetings occasionally. I am most appreciative to aunties Marie Tenorio and Dr. Carol Tenorio for serving as outstanding role models for me. Visits with them in my early teen years at their campus inspired me to become the first Segura to complete high school, attend college and achieve a doctoral degree.

My daughter Elysia was every mom's dream. She was patient and understanding beyond her years. I recall the times she walked to my office from school where we would share a brown bag dinner and hot chocolate or tea. She never needed to be reminded to do homework while I was doing mine. I remember the weekends we spent at the library together so I could study while she read and played computer games. Whenever I thought of dropping out of the doctoral program, Elysia was the one who convinced me to continue by saying she wanted to call me "Dr. Mom."

Special thanks go to my dear friends Linda Chapman (best friend since high school), Dr. Sock-Foon MacDougall (former coworker) and Sandra Cohea-Weible (my favorite NYC shopping buddy). They are like sisters who managed to keep me laughing and sane. Finally, thanks to the sisters of the Omega Chapter of Delta Kappa Gamma International Society for their support.

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Chapter 1: Introduction

Purpose of the Study

This study examined a change in the mission of a proprietary school that became a degree-granting collegiate institution. The study focused on factors that influenced individuals in the organization who participated in, and affected, the change of TESST Institute of Technology to become the TESST College of Technology (TESST). In this study, organizational change is defined as a major alteration of, or departure from, an institution's original mission and role in higher education.

TESST'S Origins

Three kinds of profit-making institutions comprise the proprietary sector: non-collegiate proprietary schools (private career schools, privately-owned neighborhood enterprises; technical or trade schools), degree-granting colleges run by publicly traded companies, and small independently owned degree-granting colleges. TESST was one such proprietary school in Maryland. Throughout the late 1960's to 1990's, TESST thrived like other "mom and pop" organizations which predominated throughout the country, mainly in the form of beauty academies and trade institutes (Pusser, 2005). The next section is a chronological overview of four campuses that came together to form TESST Institute of Technology.

The Radio Electronic Television School (RETS) was originally a privately owned career school located in Baltimore, MD that was established in 1956 and later renamed RETS Technical Training School. RETS was founded by a single owner as an electronics repair school. In the 1960's the demand for qualified technicians grew

and RETS prospered. Subsequently, RETS offered heating/cooling, drafting design and electronics engineering technology programs. According to Maryland Higher Education Commission's (MHEC) historical files, the institution acquired a legacy in Maryland's private career school sector and became known for offering an exemplary training program and operating with integrity. By the late 1990's, the aging president decided to find someone trustworthy to purchase RETS, someone who could be counted on to carry on the institution's legacy and grow enrollments. In 1998, he contacted one of TESST's owners he had known for many years and sold it to TESST, Inc. (P. S. Florestano, personal communication, September 7, 1999). Today, RETS is the oldest of the four TESST campuses.

In 1967, the vice president of RETS decided to establish his own private career school in Hyattsville, MD. In doing so, he partnered with two other families and created TESST Electronics School which specialized in basic electronics technology training programs. By the early 1970's, approximately 160 students were enrolled so the school owners hired an admissions representative (a participant in this study) to recruit more students. Ten years later, this same individual purchased stock holdings from one family owner which totaled approximately one-third of the entire stock holdings in the institution. Thereafter, he partnered with another individual and, together, they bought the remaining shares and acquired TESST. MHEC records indicate the two new owners were granted approval on September 13, 1984 to operate TESST Electronics School in Hyattsville, MD (MHEC, 1980-1999). These same two individuals led the change initiative at TESST and participated in this study. From

1984 to 1998, the Hyattsville campus served as TESST's main headquarters as well as an instructional site until it relocated to its current location in Beltsville, MD.

TESST's two owners decided to expand into the Washington, D.C./Northern Virginia student market and purchased a new facility in Alexandria, VA in 1985. By 1992, they hired and trained staff to run the Virginia campus and enrollments grew as well as profits.

The owners were searching for a facility to establish a Baltimore campus when the owner of Arundel Institute of Technology (AIT) contacted them to see if they were interested in purchasing the Baltimore school. They purchased the campus in 1992 but sold it six years later because the location did not prove to be profitable. That same year, the school owners moved from AIT to the newly acquired RETS facility in Baltimore. About the same time, the Information Technology (IT) curriculum was introduced and the faltering heating and cooling program was phased out at all TESST campuses.

In 1992, TESST's owners purchased the Advance Training Center (ATC) facility located in Timonium, MD. ATC was originally a private career school that also specialized in drafting, design and electronics. In 1998, TESST enrollments outgrew the ATC facility so the owners decided to construct a new high tech campus and relocate to Towson, MD.

In response to the need for more office and classroom space, the school owners constructed a new high tech campus in Beltsville, MD and relocated TESST's headquarters in Hyattsville to that site. In 1998, a basic IT program was added, new

directors and faculty were hired and TESST Electronics School was renamed TESST Technology Institute (TESST).

In June 2001, TESST was approved by the Maryland Higher Education Commission (MHEC) to change its mission and offer an Associate of Arts and Science (A.A.S.) degree in Network Information Systems; and an A.A.S. in Electronics, Computer and Telecommunications Technology (K. R. Johnson, personal communication, June 12, 2001). That same year the Accrediting Commission of Career Schools and Colleges of Technology (ACCSCCT) also approved TESST to offer degrees. The total student population for all four campuses numbered over 1,500 full and part time students by June, 2000 (MHEC, 2001). In 2003, the schools' two owners sold TESST College of Technology to Kaplan, Inc., a subsidiary of Washington Post, Inc. which is publicly traded on the New York Stock Exchange.

Problem and Issues

Postsecondary education is the non-compulsory educational level that follows the completion of a secondary education, provided by public and independent universities, vocational institutes, community colleges, liberal arts and technical colleges that award academic certificates and degrees; and private career or proprietary schools that award professional certificates or certification. People generally assume that, as social organizations, postsecondary institutions should research and discover ways of improving their services through organizational changes. When expectations are not met, the institutions are accused of inconsistencies, contradictions and complacency. In response to this issue, Wilson (2001) called on the social sciences to assume a more active role in order to influence

changes in public policies and higher education institutions. The author recommended linking social sciences with other disciplines via interdisciplinary research (as opposed to a mono-discipline model) in order to further proposed changes in the direction of higher education (Wilson, 1992, 1995).

Clark (2001) pointed out that society continues to place increasing demands on institutions to produce more research and technological advances but, to the public, educators appear too slow to respond with changes to academic program structures and procedures. Employers are placing increasing pressures on postsecondary institutions to produce a better trained and educated workforce for entry level positions but federal and state budgetary decisions, as well as increasing enrollments are constraining their goals (Clark, 2001). However, scholars seem to agree that educational organizations are difficult to understand, especially when one attempts to make sense of their structures, processes and systems. Weick (1979) explained that colleges and universities essentially consist of loosely-coupled, ambiguous systems:

What seems to be unchanging does change; what seems to be changing is unchanging. Organizations thought to be stable, in fact keep falling apart and need elaborate maintenance mechanisms to ward off threats to stability. Conflict-ridden organizations, thought to be unstable, can often continue indefinitely (p. 58).

He believed that the problem of change is centered in organizational processes that are exceedingly complex and contradictory. Extending this concept, Birnbaum (1988) theorized that educational organizations consist of subsystems that operate in a loosely connected, infrequent and inconsistent manner. While one subsystem in a college is stable and functioning properly, another may be entirely in flux and

disconnected with other areas in the organization. This may explain why some view higher education as inconsistent, contradictory and often a failure when attempting change initiatives. In this way, society becomes frustrated by what appears to be a reluctance to innovate.

Although educators recognize public demands for organizational change, they rarely succeed in initiatives related to redefining their mission and goals (Birnbaum, 2001; Burke, 2008; Nordvall, 1982; Youn & Murphy, 1997). This fact is not just confined to colleges and universities. In general, upwards of three-quarters of all organizational change initiatives in the business world (e.g. reengineering, strategic planning, etc.) are reported to have failed entirely or have created problems serious enough that the survival of the organization was threatened (Burke, 2008; Cameron as cited in Druckman, Singer & Van Cott, 1997). One reason for these circumstances is that there are many conflicting organizational change theories and they employ limited sets of variables (Bennis, Benne & Chin, 1985; Birnbaum, 1988; Burke, 2008). The variables employed in this study were the values that were presumed to influence an organizational change. The literature on organizational values indicated that most research on change has been conducted during periods of stability and very few studies have employed a more comprehensive set of relevant values that may play a role in organizational change processes (Gilliland, Steiner & Skarlicki, 2003). Organizational values are espoused beliefs by members of the organization that are widely shared across all levels of an organization (Argryis, 1971; Cameron, Quin, Degraff & Thakor, 2006; Pinder, 2008).

Another issue related to the concept of social exchange was fundamental to the theoretical framework of this study. Social exchange occurs when people in organizations interact with others by cooperating, negotiating and trading economic, human resources, political, social, psychological and cultural/ideological values through a network of relationships and associations. Contemporary organizational change theories generally do not fully account for the complex exchange processes that take place when institutions attempt to initiate change. A review of the literature provided only a few models of organizational change that employ social exchange theories to explain changes processes in higher education. (Becker as cited in Bennis et al., 1985; Burke, 2008; Homans, 1974). Additionally, theoretical frameworks that analyzed values that motivate change in educational organizations appeared to lack the depth, scope, and complexity educators need to understand change processes. Consequently, this study proposed a more inclusive theoretical framework for educational leaders who find themselves engaged in organizational change and find their institutional systems, subunits and social processes slow to enact change. The study offers a way for educators to better understand the processes of organizational changes and improve their chances of achieving their change goals.

Rationale for the Study

There were several reasons that led to this study. A review of the literature revealed that no single theory or study currently addresses the broad set of values involved in social exchange processes. Current organizational change theories typically analyze change based on too limited a set of variables. Studies seldom document major transformations of institutional missions by including the full range

of variables employed in social exchange processes. This study illustrated the complexities of actual situations and the interplay among a complex set of factors that influenced organizational change. This case study traced the progression of an organizational change process over a period of three years.

Types of Organizational Change

The literature on organizational change theory essentially identified two kinds of change: first degree, meaning that minor tweaks and adjustments are made to improve an organization; and second degree, meaning a transformation of organizational values, mission and core (Kezar, 2001). This study addressed the latter order of change, examining a major, more fundamental change in an organization's mission.

Research Questions

This study considered the impact of sets of motivating values (or change variables) and whether examining a combination, or interaction, of the values shows more promise for understanding organizational change than contemporary theories. Values sought by those involved in, and affected by, the circumstances perceived by the institution's staff, together with the processes employed to bring about the change were identified, classified and their effects analyzed.

In order to examine organizational change, the study's design addressed the following research questions:

1. What concerns about TESST's environment and its internal circumstances led it to seek becoming a degree-granting institution?

- a. Were there any environmental trends and pressures that affected TESST's decision to become a degree-granting institution?
 - b. What were the internal circumstances that suggested the need for an organizational change?
2. What were the organizational and individual benefits envisioned by those seeking the change?
- a. economic benefits
 - b. human resource benefits
 - c. political benefits
 - d. social benefits
 - e. psychological benefits
 - f. cultural and ideological benefits
3. What was the nature of the processes employed for bringing about the organizational change; what features of these processes helped most in achieving its intended outcomes; and which ones were not helpful or impeded by the effort?
4. Did the processes employed to bring about the organizational change exhibit the characteristics of a social exchange process?

Significance of the Study and Implications

This study provides supplemental knowledge about the complexities of organizational change in postsecondary institutions. Since there are few, if any, studies that encompass such a comprehensive array of factors that influence organizational

change through social exchange processes in postsecondary education, this study contributes significant findings. The study employed a theoretical framework that drew from various theories and disciplines. In doing so, the study contributes a research design that stimulates further understanding of, and interest in, organizational change in postsecondary education.

This study informs practitioners about the role interacting values play in influencing individuals to seek or resist organizational changes. Practitioners are key decision-makers and leaders in educational institutions and other organizations concerned with higher education. By researching the values and processes of organizational change in the case of TESST, the study informs an audience of practitioners who lead postsecondary institutions; especially those that share similar histories, missions and programs as TESST, not only in Maryland but other states as well. Educators considering institutional change may find value in the lessons learned from this study by gaining knowledge of how individuals at TESST engaged in social exchange processes and implemented strategies that resulted in a successful organizational change initiative.

Another group of practitioners, stakeholders and owners of propriety schools and for-profit colleges, may benefit from TESST's experiences when they consider adopting new programs and changing their institutional missions. The costs and risks of organizational change are very high for investors in educational corporations. Unlike publicly supported sister institutions, they rely on profit margins. Therefore, a case study of TESST is meaningful to this audience.

The study also informs state policy-makers, accreditation associations and other regulatory entities about the nature and complexity of proprietary schools and for-profit colleges. The study brings two levels of awareness to legislators, accreditation associations and government agents: 1) how social exchange processes affect proprietary officials as they seek to bring about changes; and 2) a better understanding of the values that are contested when making an organizational change.

Chapter 2: Literature Review

This review first described why social exchange theory is a useful approach for explaining how organizational change processes take place. Second, it examined literature from a variety of disciplines to identify the sets of values that are sought through organizational change processes. These values were assumed to be the primary variables affecting the outcomes of organizational change processes. Third, the review examined the extent to which these values are included in the variables employed in a sample of current organizational change theories. The information was used to construct the research design for the study.

Literature on the Nature of Social Exchange Theory

This study employed social exchange theory to examine organizational change because there was evidence in the literature illustrating that values sought are commonly achieved through social exchanges. Social exchange theory assumes that individuals bargain over conflicting values in order to achieve organizational and personal objectives. The literature suggested that during the bargaining process, if one sways another in order to achieve a desirable goal, the initiator is employing a form of influence (Paulus, 1983). In this way the values that an initiator seeks becomes an influencing factor or variable in the course of a social exchange.

For this study, social exchange was defined as an exchange of values between two or more parties motivated by the possibility of obtaining a net increase in desirable values or minimizing a net decrease in values. Although exchange theories tended to be eclectic (Birnbaum, 2001; Paulus, 1983), there were common schools of thought based on the principles of bargaining and exchange. Bargaining was

generally referred to as an “exchange” or transaction that helps two or more people reach their goals. Sociologists commonly accepted that an exchange requires a social structure comprised of relationships and processes and the normative sharing of values (Clark, 1992; Lawrence & Nohria, 2002). Social exchange theories centered on the assumptions that social behaviors have potential consequences in the form of benefits or drawbacks and that the outcomes are limited and imply costs (Paulus, 1983). Another major assumption was that, at any given point in the interactive process, individuals are often motivated to bargain and influence another’s behavior in order to achieve a reward (Cameron et al., 2006).

The literature suggested that social exchange theory processes are the means by which people in organizations interact with others by cooperating, negotiating and trading economic, human resource, political, social, psychological and cultural/ideological values through a network of relationships and associations. Other elements of social exchange included collaboration (or conflict) and adaptation (or resistance). These interactive processes may be conducted both informally and formally. They require friendship, compromise and professional ties. Relationships are formed and sealed through the “mutual exchange of valued resources” (Paulus, 1983, p. 22).

Sociologist George Caspar Homans (1968; 1974) conceptualized the exchange of social and material resources as a fundamental form of human interaction. He developed matrices for understanding social exchange as progressive processes; beginning with a proposition, weighing potential outcomes, evaluating alternative actions and rewards, employing stimuli (or values), exchanging values and ending

with payoff or rewards. In the exchange of values, each partner is rewarded or penalized by the actions of the other.

Modern theorists described an exchange of values as relationships within and among organizations as they strive to fulfill their needs (Bennis et al., 1985; Homans, 1974). Katz (as cited in Bennis et al., 1985) contended that social exchange processes operate within boundaries where values are communicated, but the most influential (or inhibiting) factor of exchange was the interpersonal relationships among individuals or groups. Theorists also contended that social structures comprised of values provide boundaries that limit the exchange process.

Values Sought Through Social Exchange Processes

For this study, values were defined as sets of principles and criteria people employ for making choices and taking actions. A major goal of this study was to identify and employ a set, or taxonomy, of basic values that are commonly sought by individuals in organizations. To this end, a sample of pertinent literature from the social and behavioral sciences was reviewed. A list of values that appear likely to influence organizational change processes was compiled. A preliminary review of these variables suggested that the major categories typically involved in social exchange processes were likely to be the following: 1) economic resources for obtaining goods and services; 2) human resources for maintaining quality staff, faculty and students; 3) political resources that provide power to influence decisions; 4) social resources to improve one's standing in society; 5) psychological resources to enable individuals to feel better about themselves; and 6) cultural and ideological resources that people employ to view and interpret their environments.

Economic values are a set of resources that are exchanged in order to obtain goods and services. Human resource values are individual qualities that are valued by organizations and human resource variables stem from organizations that seek to hire individuals having certain skills. Political values involve the attainment of power and are motivated by the desire to exercise power and influence decisions. Social values are motivated by the desire to satisfy certain needs such as recognition, status, prestige and reputation. Psychological values are concerned with one's well-being and the need for commitment, trust, connectedness, self-worth, morale and security. Cultural and ideological values involve individuals' or organizations' shared normative behaviors and belief systems and provide a sense of protection and stability. Variables that were revealed during the literature review were supplemented, or elaborated on, if supported by further evidence, during the conduct of the research period.

Once the values were identified, a taxonomy was developed for the study's research design. The literature review, and subsequent analysis of interview data, helped to determine whether the factors viewed as important by participants in the case study were encompassed by these categories of motivating values.

A major challenge in identifying a full set of change variables was that it required a very comprehensive review of the literature on the social and behavioral sciences. The time and resources available obviously did not permit a fully comprehensive review. Consequently, this review "satisfied" by reviewing a sample of the literature that appeared most likely to generate examples of motivational factors that influenced organizational change.

This study investigated the role that these variables played in changing the organizational mission and programs at TESST. To accomplish this goal, the study proposed a taxonomy consisting of six sets of values and 33 variables that are identified in Table A. Table A below is a summary of the values and variables that were identified in the following findings from the literature:

Table 1. Taxonomy of Organizational Change Variables

ECONOMIC VALUES	HUMAN RESOURCE VALUES	POLITICAL VALUES	SOCIAL VALUES	PSYCH. VALUES	CULTURAL/ IDEOLOGICAL VALUES
(8) Variables Two sources	(2) Variables One source	(6) Variables Three sources	(7) Variables Three sources	(7) Variables Three sources	(3) Variables One source
<u>Fund sources</u>		<u>Expert Power</u>	<u>Status</u>	<u>Connectedness</u>	
1. Increasing salary	1. Accessing student markets	1. Pursuing political agendas	1. Enhancing institutional stature	1. Esprit de corps	1. Institutional identity
2. Building alumni funds	2. Improving quality of faculty and staff	<u>Referent Power</u>	2. Attracting scholarly students	2. Group cohesion	2. Institutional ideologies
3. Enlarging endowment		2. Affiliating with esteemed organizations		<u>Commitment:</u>	3. Institutional sagas
4. Increasing student tuition		3. Acquiring visibility for institution	<u>Prestige</u>	3. Compliance	
5. Increasing federal and state funds			3. Upward striving	4. Internalize	
		<u>Legitimate Power</u>	4. Social leveraging	<u>Self-Image</u>	
		4. Power and influence		5. Self-Worth	
<u>Uses of funds</u>		5. Acquiring more independence	<u>Reputation</u>	6. Trust	
6. Adding new programs		6. Accessing inner circles	5. Gaining legitimacy	7. Morale	
7. Building new facilities			6. Gaining prominence		
8. Acquiring technologies			7. Emulating others		

The taxonomy provided a framework for examining how each variable may (or may not) have influenced the social exchange processes that led to organizational change, and illuminated other variables that were not identified in this literature review.

The literature suggested that values originate in the human need to act proactively, to seek growth, to inquire and thus to reduce uncertainty (Lawrence & Nohria, 2002; Rokeach, 1973). Theorists generally characterized values as instrumental factors involved in social exchange processes (Bass, 1990; Gilliland et al., 2003; Homans, 1974). Social theorists seemed to agree that people and organizations do not thrive in solitude but depend on one another by exchanging values or resources. Rokeach (1973) proposed a definition of a value as "...an enduring belief that a specific mode or conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence" (p. 5). Although the theorist emphasized individual values, he stressed the importance of collective organizational values as well.

Organizational scholars believe that, depending on what one values, an individual may be inclined to influence, initiate, or resist change; an organization's values are capable of influencing the success of a change initiative (Gilliland et al., 2003). Feather (2003) contended that value systems function as guiding principles and groups are more likely to reach consensus about values when they find something in common. Pinder (2008) argued that organizations do not have values or needs *per se*, but key individuals possess values that can influence change phenomena by way of connective relationships or social exchange processes. Key individuals or players are those who are significantly capable of influencing organizational change

processes. Pinder (2008) suggested that when individuals' values converge with other peoples' values, collectively they can influence organizational values and behaviors. Otherwise, if they conflict, they can alienate others. An organization's core values are often evidenced by the values held by the "gatekeepers" or key decision-makers (Hage & Dewar, 1973; Cameron et al., 2006).

Bennis et al. (1985) asserted that a "transactional two-way process" is inherent in peoples' value systems (p. 316). Furthermore, the process must contain the element of reciprocity and fairness for both parties to seek an exchange of values. The most influential (or inhibiting) factors that affect the exchange process are consequences people perceive such as reciprocity, shared values, connective relationships among individuals, and the expectation of rewarding outcomes (or values) or the minimizing of losses (Bennis et al., 1985). Organizations change because individuals purposefully change them (Cameron et al., 2006; Lawrence & Nohria, 2002; Youn & Murphy, 1997). This study examined how the values held by individuals operated as variables in the social exchange processes at TESST that were involved in its change of mission. The balance of this chapter describes the variables the literature suggested are factors that motivate individuals to seek organizational change.

Economic Variables

The literature generally defined an economic value as a useful resource that can be compared, competed for, and transferred from one entity or person to another in order to obtain goods and services (Cameron et al., 2006; Gilliland et al., 2003; Graeber, 2001; Schmidlein, 1999). Organizational theories related to economic

values mainly concerned financial survival, changing market theories, and niche-building. Weber (1922) asserted that economic values are social and consist of interactions and exchanges among individuals, groups and institutions. Economic values such as production, distribution, exchange, consumption of scarce goods and resources, or a “desire for utilities,” are commonly sought and usually at the heart of organizational actions (Weber, 1922, p. 63). Seeking economic values can initiate efforts to bring about organizational change. The desire to accumulate and utilize wealth, for example, can influence institutional initiatives and cause educators to bargain for their values and priorities. Economic variables fall into two groups: sources of funds and uses of these funds. Sources of funds motivate individuals to compete for scarce resources to accumulate income in order to reduce economic uncertainty (Cameron et al., 2006; Lawrence & Nohria, 2002). Some economic variables that motivate individuals to minimize uncertainties included the following sources of income that educational leaders value: increasing salary, increasing alumni financial support, increasing gifts for projects and endowments, increasing student tuition, and increasing federal and state funding.

Uses of funds generally motivates individuals to bring about organizational change, particularly if the institution perceives financial rewards from expending funds. The most common activities are: adding new academic programs, building new facilities and acquiring technologies.

Increase salary. The promise of an increase in salary and fringe benefits is a common value most people share in society. In research related to leadership, motivation and job performance, Bass (1990) drew a distinct relationship between the probability of receiving a higher salary and the effort one puts forth to achieve pay. Individuals motivated by the prospect of a higher salary tend to be more effective in job performance and as influential decision-makers and leaders (Bass, 1990). People driven to increase salaries tend to be more involved in decisions that affect organizational change (Bass, 1990; Booth, 2004).

Increasing alumni support. Alumni gifts are an important source of revenue for higher education institutions. Alumni fund-raising campaigns are widely accepted practices in traditional institutions. College presidents are often judged by their trustees and constituents, in part, by the size of donations and number of alumni members. College presidents who seek to increase their alumni support may consider making changes in the institution's mission or goals in order to build academic programs that are more appealing to potential alumni donors.

Obtaining gifts and enlarging endowments. An institution's ability to access new sources of wealth to undertake projects and increase the size of its endowment funds can influence strategic decisions such as mission, priorities, and tuition rates. Institutions seek gifts to construct buildings, provide scholarships, and undertake research and many other projects. Higher education institutions, to varying degrees, are subsidized by the interest earned on underlying wealth that mainly comes from endowments. These subsidies can affect strategic decisions institutions must make concerning the price of tuition each year, institutional mission and core activities

(King, 1999). The importance of growing large endowments can drive college leaders to seek organizational change.

Increasing student tuition. Tuition is an important source of income for profit-making and traditional institutions alike. Although tuition is only one source of revenue for many traditional institutions, it is a major source of revenue for for-profit institutions. Values theorists suggested that at the heart of most price increases is the belief that an increase in revenues will produce better and more creative outcomes (Gilliland et al., 2003). An increase in tuition may induce quality improvements such as adding more courses, reducing seat counts in classrooms, adding more parking spaces, providing more dormitories, etc. Organizational changes that are attributed to tuition adjustments are typically fueled by visions of a future economic state that is better than the existing situation.

Increasing federal and state funding. A major incentive to decision-makers who seek external means of supplementing the institutional budget is through an increase in state funding. Funding often depends on the sector or segment of postsecondary in which an institution is classified. Groups of postsecondary institutions are classified according to similar missions and goals, e.g. collegiate sector, proprietary sector, community college sector or independent sector. State funding can affect the enrollment capacity of public and, in some States such as Maryland, independent institutions as well. Changes in the state budget can constrain or expand operating budgets and affect the ability to achieve institutional goals (Mintzberg, 1973). Proprietary schools do not receive the same tax advantages, or state funding, as public institutions in most states. Their budgets are driven almost

entirely by tuition revenues and student financial aid. A school owner who desires to establish a source of revenue through state funds may be inspired to transform the institution's mission and goals if the possibility exists to collect state revenues such as student scholarships (Eckel & Kezar, 2003).

Federal revenue in the form of financial aid is a primary source of external revenue for all sectors of postsecondary education. One provision in the Higher Education Act singles out profit-making institutions: the 90/10 rule (Kinser, 2006). The 90/10 rule requires proprietary institutions to receive no more than 90 percent of their earnings from federal student aid. The proprietary sector in general is so motivated by the possibility of increasing federal revenues that the institutions hire lobbyists to work closely with federal legislators to change the regulations and obtain parity with the traditional sectors (Kinser, 2004).

Adding new programs. New academic programs require investment in researching the student market, identifying a potential market niche, hiring new faculty and developing curricula that will attract new student consumers. Institutions benefit from adding new degree programs because the additional tuition income can be used to build new facilities, enhance technologies and obtain the interest and support of the workforce (Cameron et al., 2006; Eckel & Kezar, 2003). An official may seek ways of influencing changes to the mission in order to add a new area of study.

Building new facilities. The construction of a new athletic stadium, conference center, and parking lots or adding a new campus site is a common fund-raising campaign objective. These facilities bring the promise of additional sources

of income to the campus. The concept of constructing a new facility coupled with the possibility of profit is a motive that can influence presidents to seek changes in the mission and goals.

Acquiring technologies. Technology provides benefits to the postsecondary community. Technology is a top priority for many institutions that aim to improve their instruction, offer alternative modes of educational delivery, provide faculty development and equip students with technical skills to compete in the workforce. These benefits motivate proprietary school owners who desire to add new programs that will produce graduates with desirable skills as well as improve potential sources of tuition revenue.

Human Resource Variables

The literature defined the science of human resources as the study of recruitment, retention and utilization of people who possess talent, skills and knowledge (Bennis et al., 1985; Cameron et al., 2006). The concept of human resource values is the presumed worth that a leader in an organization attributes to individuals who have technical, professional or academic expertise. Individuals who perceive ways in which an organization could benefit from others who possess certain kinds of information, skills and intelligence are believed to have a high regard for human resources. People who are perceived by others in the organization as having expertise and intelligence are more likely to be sought after in order to promote organizational change through social exchange processes.

Havelock and Benne (as cited in Bennis et al., 1985) contended that those who have knowledge that is valued by an organization are capable of trading-off their

information in exchange for more autonomy and privileges. They assumed that all knowledge *per se* has various potential “use value” depending on one’s motive.

Individuals who possess desirable information, skills and intelligence benefit organizational goals. Organizational theorists suggested that individual talent is an asset that adds value to organizations similar to the way economic assets enhance an organization’s prosperity (Cascio, 2006). The logic follows that the greater the qualities an individual possesses, the more highly sought after the person will be by an organization. Organizational change theorists recognized the importance of managing, locating and cultivating human capabilities as wisely as all other organizational resources (Cameron et al., 2006; Cascio, 2006; Rosen & Barnum, 1996).

In a study on the relationship of human capital to financial performance and return on capital, Cascio (2006) explained that human capital can have a tremendous impact on a corporation’s economic survival. In higher education, college presidents and proprietary school owners alike typically compete for human resources just as they do for economic resources. The most notable incentives for organizational change stem from the following human resource variables: accessing new student markets and improving the quality of faculty and staff.

Accessing student markets. The prospect of attracting stronger students through improved marketing strategies appeals to most campus leaders in all postsecondary sectors (Eckel & Kezar, 2003). Attracting capable students may require changes in enrollment policies, creating attractive programs, developing scholarships funds and more. A proprietary owner who desires to increase the quality

of students, or perceives heated competition for talented students in the for-profit segment, may seek to change an open admissions policy to one that employs more selective admissions criteria. A change in admission standards and programs may require a change such as a realignment of the school's mission and goals.

Improving faculty and staff. Another force that can drive change is the need to optimize all of an organization's resources, including hiring talented, skillful and knowledgeable people (Cameron et al., 2006). The incentive to attract highly competent staff can lead to organizational change. Recent trends indicate that organizations are shifting their hiring practices. They tend to hire specialists; work is less repetitive but more complex; and tasks require flexibility, creativity and social skills; and pay is linked more to an employee's market value or skill level than to tenure or position (Cascio, 2006). Furthermore, work itself has been redefined to mean continuous learning and more higher-order thinking (Cascio, 2006, p. 15).

As a result of these trends, the market for recruiting quality staff and faculty is becoming more competitive. Hiring a well-known scholar can mean the survival of a department in a collegiate institution. By changing the focus from career programs to degree-granting programs, as well as the mission and goals, a proprietary school owner may enhance and improve an organization's ability to attract a more talented pool of staff and faculty.

Political Variables

The literature defined a political value as a high regard for power and influence (Lawrence & Nohria, 2002; Wrong, 1979). Holton (1995) theorized that political interactions in higher education often take place for three reasons: 1) when

there is a need to acquire more power; 2) when there exists an obstacle to a goal; or 3) when there is resistance to an external force or agent that is perceived as threatening. Organizational scholars and political theorists alike seemed to agree that changes in institutional missions are often attributed, at least in part, to the prospect of acquiring political power and that seeking political gains will continue to play a major role in institutional change processes (Bennis et al., 1985). Those who employ political power through social exchange processes are likely to play a role in achieving institutional change. Changes in policies, missions and programs are often a result of shifting sources of political power.

Power is the capacity to influence change in others to achieve one's goals (Birnbaum, 1988; Cascio, 2006). Educational institutions by nature are politically motivated because political power is a means of achieving their aims. Sources of political power that commonly appear in the literature are: *expert* (information and expertise), *referent* (power is given by subordinates), *legitimate* (legal authority) and *coercive* (use of force) (Bass, 1990; Birnbaum, 1988, p. 130; Weber as cited in Merton, 1965). Expert power exists in an institution's specialized knowledge and expertise. Referent power originates in power that is relinquished by subordinates; and legitimate power is derived from legal authority. Coercive power was found to be the least desirable source because it offers few incentives for educators, tends to produce alienation and creates instability in educational organizations (Birnbaum, 1988). This study focused on the first three groups because they are more commonly sought by higher education institutions.

Expert power is derived from scholarly faculty, highly competent staff, and those who possess specialized knowledge and have expertise in technologies (Birnbaum, 1988). An institution that possesses expert power is capable of influencing others' decisions. College presidents are often viewed as having at hand a cadre of staff and/or faculty experts who have the answers, wisdom, knowledge or technology to help further their goals (Bass, 1990). They are also perceived as pursuing political agendas on behalf of their institutions.

Political agendas. The pursuit of a political agenda is often motivated by the desire to implement institutional goals by becoming an active participant in meetings with politically connected or powerful people who have the ability to promote the interests of the institution. Educators, or in some cases their paid lobbyists, take on the role of political players who seek ways of capturing the attention of a powerful individuals who can assist or block their aims. They may offer the services and expertise of their staff and faculty to assist with issues that promote the interests of their institutions. Several corporate owned institutions hire lobbyists who have the expertise, political savvy and connections to communicate with key legislators at the state and national levels.

At the state level, key players are capable of influencing or shaping higher education policies and decisions. One way of influencing policy is by lending the services of an institution's scholars and staff experts to statewide task forces, advisory councils or blue ribbon commissions. Educational leaders expect their experts to promote the interests of their institutions. These experts are conduits for stakeholders who seek to influence statewide policies.

Referent power is a form of political empowerment that is voluntarily bestowed by members of an organization on individuals who are held in high esteem. In a study, French and Snyder (as cited in Cartwright, 1974) found that referent leaders were able to exert more influence on others than leaders who were not as well accepted by subordinates. Referent power is highly sought after because those who possess it are taken seriously, command attention and are often included in tight-knit political circles. Referent power is also an effective means of rallying support while promoting major organizational changes (Birnbaum, 1988, p. 205). The more visibility and respect a leader has earned, the greater the leader's capacity to motivate admirers, influence others and achieve institutional goals (Bass, 1990). The literature suggests that the value of referent power is commonly acquired by affiliating with other esteemed organizations and acquiring greater visibility for the institution.

Affiliate with esteemed organizations. Affiliation is an incentive for individuals seeking a source of referent power, especially when driven by the expectation of associating with individuals or institutions that are politically revered by others. The prospect of affiliating with other esteemed individuals can motivate people in a non-accredited institution to seek changes to the mission and become accredited. As an accredited institution, a proprietary school will more likely be perceived as sharing similar qualities and attributes of other accredited institutions. A new source of referent power will result from being seen in the company of other accredited and more prestigious types of institutions

Acquiring visibility. Visibility is another value highly sought after by leaders of higher education institutions. An owner of a small proprietary school, who

believes the school is being obscured by a major research university and other prestigious colleges in the vicinity, may be motivated to make changes to its mission and goals. If leaders in an institution desire to draw positive attention and uplift the school's visibility from the shadows of the other campuses, they may decide to transform the school into a degree-granting college.

Legitimate power is conferred by the following means: 1) occupying a position that has been established to exercise authority; and 2) appointment to a position by official means (Wrong, 1979; Birnbaum, 1988). In the first category, legitimate power is invoked through the title or position one fills. The legitimate power of occupancy allows a college president to make decisions in areas such as budgets, salaries, hiring, and facilities. The second category provides leaders with a source of power derived from an elective process which requires consensus. A college president who is appointed by the Governor to a statewide task force is perceived as having increased power and influence. The appointee's power is a reflection of the higher authority's legitimacy. Both types of legitimate power are valued for their efficiency and low levels of "maintenance" as opposed to the time and energy involved in building sources of expert and referent power (Wrong, 1979). The value of legitimate power can take the form of three variables: power and influence that college presidents are perceived to possess, acquiring more independence, accessing political circles.

Power and influence. Those who admire the power and privileges of collegiate presidents may be motivated to support their organizational change initiatives. An individual, who has operated from the organizational perspective of a

non-traditional proprietary school owner, may strongly desire to wear the hat of a traditional college president and confer degrees at graduation. To the owner, a president's position may represent the ability to exercise legitimate power and influence the organization as well as the postsecondary education community.

Although they may not possess power, some leaders purposefully give the impression of influence. An individual or organization that exhibits influence is often sought out by others (Bass, 1990). By giving an impression of influence, a president makes possible new kinds of audiences, social interactions, negotiations and cooperation with others.

Independence. Those who possess legitimate power are less likely to be questioned by subordinates or associates about their actions and decisions (Wrong, 1979; Lawrence & Nohria, 2002). Independence can provide an individual or organization a source of legitimate power and authority to influence policy decisions.

Accessing inner circles. Studies indicate that leaders who possess legitimate power are often privy to an inner circle of confidants and influential people (Bass, 1990). These social circles are often informal but privileged, considered secretive and closed to those who do not have legitimate power. When one enters a closed political circle, it is possible to share and collaborate with others having similar backgrounds while influencing them.

Social Variables

Social values are sought in order to increase one's standing or image in society (Bennis et al., 1985). Social values give meaning and importance to actions and operate as reference points and parameters when issues involve organizational

decisions. What people regard as right, and good socially, shapes their decisions. The kinds of social values people hold can operate as variables that influence organizational change. Three types of social variables are: status, prestige and reputation.

Status is achieved by gaining a high ranking position in a group, organization, a community of peers or society. Homans (1974, p. 197) theorized that status is a concept of honor that requires general consensus among a group of people; it is the way groups or colleagues rank each other. Status is given to very few at the top of the social pyramid and sought after by many at the bottom. In academia, status is easily identified. An institution that meets the higher education community's standards holds a high degree of status and, conceptually, is perceived to be in a class which distinguishes it from other institutions. Two ways individuals seek to improve institutional status are: enhancing institutional stature and attracting scholarly students.

Institutional stature. This variable is known to influence individuals in institutions of lower status to seek greater status. Benoit-Smullyan (as cited in Bass, 1990) found that individuals are inclined to be drawn to the prospect of enhancing institutional stature in order to achieve parity with others of higher level status. Enhancing institutional stature is apparent when a community college changes its mission and goals or invites research universities to team with them to offer four-year degree programs at its sites. A memorandum of understanding between a community college and a research university signifies that a higher level of status has been

achieved. In the eyes of the public, the college may be perceived as having achieved a higher status.

Scholarly students. Opportunities to attract scholarly students are motivating to individuals who desire greater institutional visibility. To borrow a metaphor that illustrates the status variable, when compared to other common goods, the value of a Picasso lies not only in its intrinsic worth but in its conspicuous display of social status (Lawrence & Nohria, 2002). Likewise, by recruiting scholarly students an institution is able to tout its social status.

Prestige is in the mind of the beholder, but it also forms favorable societal impressions and increases the influence of an institution. Some individuals strive for prestige because of what it represents, e.g. opportunities to mingle with influential organizations and open new sources of corporate, government and research grants. Prestige is sought through upward striving and social leveraging.

Upward striving. Relentless ambition to move above one's current position in society in order to increase one's influence is known as upward striving. Upward striving is often reflected in the desire to accumulate signs and symbols of success in order to gain a favorable impression from others (Bass, 1990). The worth or prestige of an institution increases as the leadership is perceived to be moving to higher social echelons (Bass, 1990). Leaders who aim for upward levels of institutional prestige are seeking protections from external intrusions that are afforded prestigious institutions and achieving broader freedoms than those at lower levels. When individuals in less prestigious institutions aspire to lift their organizations upwards in

the eyes of the public, they may seek ways of distinguishing the organization from others and disassociating with lower level institutions.

Social leveraging. Social leveraging is a means of maneuvering one's self into social relationships that can help the individual achieve desirable rewards. To some extent, educational leaders who desire to build institutional prestige are like "social climbers." Social climbing requires being seen in the presence of others who have already achieved a prestigious social level (Homans, 1974, p. 311). Key individuals in a proprietary school who seek ways of being invited to participate in the state's planning committee on postsecondary education may be moved by the prospect of circulating in the same circles as state officials or the governor's cabinet members.

Reputation is a social value individuals seek because of its expected rewards. An organization that has a positive or "solid" reputation is more likely to gain social privileges, memberships and audiences in influential circles. In higher education, reputations are built through informal social channels and planned interactions. Typically educational leaders have a focus in mind when building reputation such as enhancing an institution's integrity, image and academic rigor. Reputable institutions like Harvard University or Stanford University are honored through a consensus among other higher education institutions (Lawrence & Nohria, 2002; Veysey, 1970). These universities have strong admirers, loyal alumni and benefactors who believe their leaders capable of making decisions that are in the interest of the institution. Examples of the benefits of having a sound organizational reputation include gaining legitimacy, achieving prominence and emulating others.

Legitimacy. Legitimacy is the authentication of an organization's reputed stability, credibility, reliability and continuity. Legitimacy is highly sought by educators because it represents validation that is grounded in endorsements by the higher education community (Griffin & Stacy, 2005; Weick, 1979). An owner of a proprietary school who seeks legitimacy may be motivated to join the league of collegiate institutions as a way of securing the institution's integrity.

Prominence. Prominence as a value is evidenced by social indicators and consensus (Booth, 2004; Homans, 1974). For example, the *U.S. News and World Report* publicizes annual rankings that shape the public's perceptions about institution reputations. Key individuals may place a great importance on moving their institution to number one on the list. These individuals can promote changes to the mission and goals by revamping the admissions policies, introducing selective criteria, and raising the bar for faculty publications and research.

Emulating others. Organizations may be inclined to imitate an institution that has a favorable reputation in the public eye (Booth, 2004, p. 13). A proprietary school may desire to adopt protocols and model itself organizationally after a prestigious collegiate institution. Emulation is a way of building institutional standing in the higher education community. The stimulus is in observing and learning from others whose actions are rewarded; and in whose presence people are more likely to imitate (Homans, 1974).

Psychological Variables

Theorists generally viewed psychological values as encoded behaviors and feelings that are openly exhibited through social exchanges and communication

(Bennis et al., 1985). Individuals who seek situations or circumstances that cause them to feel better about themselves are motivated by psychological values (Beckhard & Pritchard, 1992). By nature, psychological values cause people to achieve higher level rewards or outcomes than they previously possessed, if they believe they will experience a sense of satisfaction in the accomplished goal (Pinder, 2008). Rokeach (1973) concluded that psychological values can be instrumental in influencing how one behaves while seeking to achieve a goal.

Such values function as variables that compel an individual to pursue (or refrain from) organizational change and influence others in social situations. There are three groups of psychological benefits that people commonly value: connectedness, commitment and self-image.

Tendencies people and organizations have to bond, form alliances, cooperate and associate informally are known as connectedness (Cameron et al., 2006). Connectedness can provide support from others when striving to achieve institutional objectives. Aspects of internal connectedness include *esprit de corps* and group cohesion.

Esprit de corps is a concept that assumes organizational members share similar experiences, knowledge, expertise, attitudes, goals, language and thinking. Educational leaders value *esprit de corps* because it gives members a sense of “sticking together” (Cameron et al., 2006; Dessler, 1980). People feel attuned to the goals of the organization, take pride in working there and, consequently, perform better in their roles. They also experience feelings of essentiality and inclusiveness, a sense of importance and belonging when contributing to an organization’s venture

(Argyris, 1971; Dessler 1980). Individuals can be highly motivated to feel like a valued member of an organization by contributing creative ideas and making others feel as if they are benefiting; including ideas about organizational change.

Group cohesion is the merging of common goals that are mutually beneficial and appealing to individuals and groups (Cameron et al., 2006; Dessler, 1980). Leeds (as cited in Bennis et al., 1985) conceptualized cohesive groups as consisting of highly motivated individuals who shared a common objective. The theorist explained that groups become cohesive when individuals identify with a cause linked to values shared by others in the group. Cohesive groups are sources of energy for organizations. If wisely channeled, they are also capable of revitalizing institutional goals such as changes in mission and programs.

The concept of commitment is an emotional feeling individuals experience when they are “psychologically dedicated” to organizations, they join a “clan” and adopt the group’s “psychological contract” (Bennis et al., 1985; Schein, 2004; Weick, 2001). Aspects of commitment include involvement, loyalty and collectivism (Bass, 1990). Weick (2001) believed that commitment can affect the tasks individuals are drawn to, and it is the underlying reason they are moved to plan for and realize their goals. He also noted that organizations are filled with opportunities to employ the value of commitment such as a decision one makes to commit resources to develop new academic programs.

Employers often search for ways to build commitment in employees in order to build reliable staff members who can be counted on in good and bad times. Studies indicated that dedicated key decision-makers who perceive external threats to

their institution are likely to place the interests of the organization before their own personal goals (Bass, 1990).

Kelman's (as cited in Bennis et al., 1985) theory centered on variables that influence an individual's beliefs and ideologies. The theorist contended that two social variables can activate organizational change, *compliance* and *internalization*.

Compliance. Compliance connotes an individual's willingness to conform to the orientations of another person or group (Bennis et al., 1985). One can be motivated to comply if certain rewards are perceived. Alternatively, one may resist compliance if the outcome is perceived as negative.

The concept of internalization is a psychological variable that motivates individuals to adopt and entrench new beliefs and behaviors (Kelman as cited in Bennis et al., 1961; Cameron et al., 2006). The internalization variable can influence those who assimilate a leader's frame of reference that promises rewards based on fulfilling a successful organizational change endeavor. The concept of internalization does not assume that individuals relinquish their own values but it does connote a realignment of the value schema. The concept also assumes an integration of the change agent's values into another person's value-system provided that the agent's values are congruent with or demanded by the individual's value schema (Kelman as cited in Bennis et al., 1985).

Another set of psychological variables stem from in the concept of self-image. Self-image is a sense of self or an assessment of one's self. Three aspects of self-image motivate individuals: self-worth, trust and morale.

Self-worth is the psychological benefit that emerges in organizations when individuals feel a sense of pride and growth from achieving a goal. People who possess self-worth exhibit behaviors that include feelings of essentiality and inclusiveness, and high self-esteem (Argyris, 1971; Gilliland et al., 2003). Organizational studies indicate that people having positive self-worth are more optimistic about an institution's mission, goals and well-being; furthermore, research indicates that employees who are satisfied with themselves are more productive and outperform their negative counterparts (Bass, 1990). A proprietary owner who experiences a lag in staff performance may seek organizational change as a way to shift staff and responsibilities.

Feelings of essentiality and inclusiveness are associated with the way people see themselves in relation to other esteemed members in an organization. Essentiality and inclusiveness are aspects of self-worth that foster feelings of belonging and unity (Gilliland et al., 2003). Membership in a group or organization is typically formed when members develop emotional bonds based on common goals. Educational leaders who seek organizational change value group unity because of its ability to keep an institution intact (Kaufman, 1985).

Trust is a concept based on perceptions others have about an individual's credibility, honesty and character (Gilliland et al., 2003). Gaining the confidence of colleagues and the public is a value stemming from the trust factor. Gilliland et al. (2003) observed how certain values such as trust are fundamentally based in emotions that arouse positive feelings or instincts. Leaders who seek confidence of others in the organization are more likely to influence change. Alternatively, leaders who are

less convincing or secretive may induce negative associations in the minds of others in the organization. Proprietary schools are occasionally characterized as competing for profit margins and less concerned with student success (Kinser, 2004). A proprietary owner may be motivated to establish trustworthy, collegial relationships with other respected institutions by transforming the school to an accredited degree-seeking college.

Morale is an aspect of self-image that is reflected in collective views of the organization's leadership, processes and accomplishments. When people perceive barriers to institutional goals, they tend to become frustrated and continuous frustration can lead to low morale (Leeds as cited in Bennis et al., 1985). By the same token, when paths seem open and barrier-free, individuals will likely experience high morale (Dessler, 1980). When a proprietary owner senses that profit levels are dropping as a result of a drop in morale, the owner may seek organizational change as a way to renew morale and improve profits.

Cultural and Ideological Variables

Theorists generally define cultural and ideological values as normative behaviors involving personal meaning, symbols, practices and prevailing belief systems. Both terms, cultural and ideological, connote the concept of shared beliefs that provide an element of predictability to relationships and decisions that reduce uncertainties in everyday organizational life (Masland, 1985; Tierney, 1989; Weick, 2001). Cultural and ideological values affect how people view and understand their organizational environments.

People in organizations collectively project their own meanings and interpretations on something social theorists define as organizational symbols. Their values are represented in the way they interpret and reinterpret symbols and historical events, when they participate in organizational rituals and sagas, and receive a sense of identity and purpose (Masland,1985; Tierney, 1989).

When key decision-makers are driven to change the unwritten cultural rules, their cultural/ideological values lead them to seek changes in organizational beliefs and norms. In doing so, their own values operate as the variables that may cause them to influence others in believing that the organization would be better off with such change (Masland,1985; Weick, 2001). The three kinds of cultural/ideological values that are commonly sought are: maintenance of institutional identity, conformity with institutional ideologies and identification through institutional sagas.

Institutional identity. The type of “personality” or character an organization projects defines an organization’s identity. Like human beings, some organizations have more distinctive personalities than others (Fekete, 2003). Organizational identity is a reflection of an organization’s underlying values and those of its members (Bass, 1990). Dutch scholar Arie de Geus (as cited in Fekete, 2003) observed that the oldest thriving organizations in the world have a strong sense of identity, among other traits. Organizations that have strong personalities have a clear purpose and convey what they stand for in their fields. Postsecondary institutions assume distinct identities based on the missions they commit to and they are differentiated by the educational segments they represent, e.g. proprietary schools

typically have vocational training missions. A proprietary school owner may be driven to change the organization's corporate identity to one that is more scholastic.

Institutional ideologies. Ideologies are belief systems that cause some individuals to relate strongly with other adherents; ideologies help people understand their environments and events, and help in conceptualizing predictions about possible consequences (Ashkanasy, Wilderom & Peterson, 2000; Bennis et al., 1985). Some theorists argue that institutional ideologies have the power to influence strategies, organizational processes and power structures that emerge and can make organizational change more or less successful (Ashkanasy et al., 2000). The owner of a proprietary school that holds to practical ideologies of efficiency and profit may be motivated to develop the kind of ideologies that are familiar to academic institutions. The owner may be motivated to extend the institution's lifespan and secure its future by calling for change that would transform the school into a college.

Institutional sagas. Culture guides organizations through symbolic meanings, particularly through the telling and re-telling of stories or sagas (Weick, 2001). Sagas are a form of cultural symbolism evidenced by stories, habits and rituals that are passed down throughout the life of an organization (Birnbaum, 1988; Clark, 1986). Sagas take on a meaning of their own because they help cement institutional values and relationships, and provide a sense of continuity and stability. Sagas also allow proprietary school owners to reflect on and reinterpret critical turning points in the school's history when contemplating a change in its mission and programs. Weick (2001) pointed out that the decision to drop the attack on Cuba during the Cuban missile crisis was influenced by Robert F. Kennedy who recalled the attack on Pearl

Harbor by portraying Cuba as Pearl Harbor and the U.S. as Japan. Thus, issues and organizational change can be influenced by the institutional sagas variable.

Variables Identified in Organizational Change Theories

Lawrence and Nohria (2002) proposed a framework for analyzing forces that influence individuals, groups and organizations to take action and initiate change.

The theory suggests that choices people make are likely influenced by four drives that are hard-wired in human brains and play out in everyday work settings. The four drives are:

1. To acquire – The need to accumulate material goods, economic wealth, life experiences, resources and status.
2. To bond – The need to build social networks and form commitments; driven by one's yearning for a sense of belonging, to feel accepted and interact with another human being.
3. To learn – The desire to search for answers brought on by a sense of curiosity or the need to rationalize.
4. To secure - The feeling of protectiveness towards one's self and loved ones. Security drives an organization to reinforce its identity and strengths through the retelling of stories and beliefs.

To test their assertions, the theorists examined successful transformations that took place in well known corporations against their framework. In doing so, they described how any combination of two drives may motivate people to take on certain behaviors that support or resist organizational change. The theorists conclude by calling on researchers to test the framework and corporations to adopt the model in order to find ways of overcoming stagnant cycles and improving chances for successful change initiatives.

A review of the Lawrence and Nohria (2002) theory identified four sets of variables: economic, social, psychological and cultural/ideological. Economic variables (sources of income and uses) are described as the drive to acquire financial wealth. Social variables (status, prestige and reputation) are identified as forces that drive the need to acquire prominence. Psychological variables (commitment, trust, connections, self-worth, morale) are defined as the drive to bond. Cultural/ideological variables (institutional ideologies, identities and sagas) are inferred in the description of the bonding and learning drives. One other psychological variable (security) was noted under the learning drive.

Missing from the four-drive theory were two sets of variables that were discussed earlier in this review: human resources (access to new, better student markets and improve quality of faculty and staff); and political variables (sources of expert, referent and legitimate power).

Maierhofer, Kabanoff and Griffin (2001) reviewed organizational change literature and developed an untested framework for understanding why and when values become important to organizations. The theorists believed that the virtue of this model was its focus on the important role values play in organizational change, and its ability to identify an individual's propensity for change and coping capabilities of individuals and groups. The theory defined values as motives that may possibly influence individuals, groups and organizations to seek change. The theory was based on two assumptions: 1) values exist in three levels of organizations including individuals, groups and the entire organization, and 2) values can influence behaviors

at each level during periods of acquisition, organizational maintenance and change (Maierhofer et. al, 2001). The phases of this model were identified as follows:

1. Acquisition Phase – Individuals, who first enter an organization, are likely to modify their values to fit in with coworkers. Groups tend to have diverse values when they are first forming. Organizational values are first embedded when a company or institution is established.
2. Maintenance Phase – Individuals are likely to perform in a more consistent manner during phases of organizational stability. Group values are more congruent during these periods, uncertainty is minimized and team interaction is enhanced. Organizational culture represents the shared value system of individuals, groups and organization. During the stable periods, organizations reinforce their cultural values and beliefs.
3. Change – Individual values can motivate support or influence resistance to change initiatives. These values can also predispose one to initiate organizational change. Group values can influence consensus regarding the endorsement or objection to organizational change. At the organizational level, strong, cohesive cultural values increase the likelihood of gathering support for change.

Two sets of variables were noted during the review of this theory:

psychological variables and cultural/ideological variables. The psychological variables (commitment, trust, connections, self-worth, morale) were evident among all three phases and all three levels. The cultural/ideological variables (institutional ideologies, identities and sagas) were more explicit in the theory's description.

Missing from the theory were four sets of variables: economic, human resources, political and social variables.

Nadler and Tushman (1989) developed a “congruence” theory which assisted in diagnosing organizational problems and identified areas that were out of sync in an organization. The assumption was that the more congruent an organization's internal systems are with its environment, the more productive it will likely be. The theory was based on the “open systems” concept which viewed organizations as interacting

with their environments through systems of inputs and outputs. Inputs consist of four forces that shape an organization such as market demands, external resources, organizational histories and strategies (Nadler & Tushman, 1989). The first two reflect on the organization's industry while the latter two evolve over time. Environmental inputs pertain to factors in the industry in which the organization is competing. Resource inputs are tangible factors (finances, buildings, technical equipment, skilled staff members, raw material) and intangible factors (intellectual properties, company logos). History influences policies and behaviors among employees, and how the organization responds to a crisis. Strategy inputs are the decision-making processes that determine the most optimal way of utilizing organizational resources.

The four outputs included organizational effectiveness, group actions, interactions between groups, and individual actions and effects (Nadler & Tushman, 1989). The effectiveness output referred to how well the organization is achieving its goals, making use of its resources, and adapting to its changing environment. The latter three outputs were related to behaviors such as work performance, and how well individuals or groups communicate and negotiate.

The inputs and outputs were presumed to be operating variables that influenced stability or change in an organization. Inputs become influential when they are internalized and convert into outputs or products. This takes place through a process known as "transformation" (Nadler & Tushman, 1989). Transformation occurs through an interaction of four organizational components: task component, individual component, organizational arrangements and the informal organization

(Nadler & Tushman, 1989). Task components are defined in job descriptions, skills and information needed to perform the job, and the extent to which one depends on others (or others depend upon) to complete the task. Individual components are unique qualities people bring to their positions including skills, education and personality. Organizational arrangements were described as formal mechanisms controlled by management that exist in an organization's structure, design, reward systems and line of authority (Nadler & Tushman, 1989). The informal organization is the social system where individuals and groups interact, informal rules are recognized and information networks exist.

The theorists asserted that by measuring the fit between inputs and the transformation components, leaders can identify inconsistencies in organizations and make improvements. For example, a lack of congruency between the strategy input and structure (organizational arrangement) component may explain a drop in productivity. A high level of congruency may also indicate that the organization has become resistant to change or external inputs (Nadler & Tushman, 1989).

Three sets of variables were identified in the review of the theory. They are economic variables (sources and uses of funds), human resources variables (improve quality of staff), and cultural/ideological variables (institution identity, ideologies and sagas). Missing from the theory were three other sets: political variables, social variables and psychological variables.

Tichy (1983) developed the technical, political, cultural (TPC) theory. TPC is a strategic change model that serves as diagnostic tool for understanding and leveraging changes in an organization. The theorists employed a metaphor of a rope

which represents organizational life. Just as ropes are made of tightly woven strands that can be tightened or unraveled, so are organizations composed of systems that can be strengthened and loosened. Three woven strands in a rope symbolize three organizational systems: technical, political and cultural systems. The technical strand consists of tools such as data and research for analyzing problems associated with productivity and output. The political strand signifies sources power which individuals, groups and organizations value, compete for and distribute like a resource. The cultural strand suggests shared values, norms and collective schemas that influence individuals to link with the organization. In this way, the strands or systems are capable of being tweaked by flipping any of nine theoretical “change levers:” external environment (input); mission; strategy, recruiting support for the mission/strategy process; tasks; formal organizational structure; interactive processes (decision-making, communicating); key individuals in the organization; and informal organizational structure.

The TPC theory identified two sets of variables, political variables (sources of expert, referent and legitimate power) and cultural/ideological variables (institutional ideologies, identities and sagas). Missing from the theory were four sets of variables: economic, human resources, social and psychological variables. It should be noted that Tichy (1983) admitted to inadvertently omitting the psychological aspect in the theory (Burke, 2008).

Organizational change theorists Bennis, Benne and Chin (1985), reviewed a number of planned change models and, through their review, identified variables of organizational change. The theorists developed a broad conceptual framework for

examining strategies (or variables) that bring about change. Each of the theories differed with respect to the types of variables employed. The following assumptions guided their review: 1) individuals or groups often seek to achieve their values through social exchange processes; 2) change is generally influenced by an individual or group of people who foresee opportunities that align with their interests or goals of the organization; and 3) change is more likely to be adopted if the proposing individual or group can convince others of the benefits. The authors sorted the theories into three categories:

1. Empirical-Rational – Strategies that are driven by basic research, personnel selection, expertise, consultants, data gathering and analysis, creative thinking, and effective communication.
2. Normative-Reeducative – Strategies that are socially driven by meanings, norms and normative culture. Individuals or groups are guided by their perceptual orientations and values. People actively pursue their values and influence change through social transactions. Change may require reeducating others in the organization and adopting new norms, values and attitudes. Human resources and cultural/ideological variables were identified in this group. Theorists include Leeds, McLelland, Kelman, Blake and Mouton (as cited in Bennis et al., 1985).
3. Power-Coercive – Strategies based on uses and sources of political and economic power. Economic and political variables are associated with this group.

The empirical-rational perspective was found to be the most prevalent in government and higher education institutions (Bennis et al., 1985) because the strategies are knowledge-based. These organizations also have a high regard for human resources and expertise. The normative-reeducative was also commonly identified in people-oriented organizations. The power-coercive group offered methods for influencing change through sources of political power.

Leeds (as cited in Bennis et al., 1985) developed a management theory for changing the direction of “maverick groups” that occasionally emerge in organizations. By manipulating certain symbolic rewards, the organizational hierarchy may channel their energies in a more constructive manner. The author suggested measuring probabilities for successful organizational change by linking group values with the hierarchy’s range of willingness to accept their values. To analyze this relationship, Leeds recommended administering a survey that measures the forcefulness a group cause may have, determining if the leader has the potential to influence changes to policy, mission or goals, weighing group values in conjunction with the hierarchy’s values, deciding on the degree of weakness that may exist in the organization, and establishing organizational stabilizing mechanisms.

Only one variable was identified, cultural/ideological variables (institutional identity and ideologies). Variables that were missing include economic, human resources, political, social and psychological.

McClelland (as cited in Bennis et al., 1985) researched ways of motivating individuals to lead organizational change initiatives by leveraging their values. The theory followed that, if provided with an incentive that represents organizational success, an individual may take on the role of a change agent and influence others to support a change initiative. In order for an incentive to be effective and to give organizational change substance and meaning, it must be associated with an individual’s thoughts and actions. The assumption is that the change agent will communicate more effectively with others in the organization and influence them to

adopt the change goal. The change agent is rewarded in the form of respect and trust from coworkers in the organization which exemplify psychological variables.

A review of the theory identified change strategies that relate to psychological variables (commitment, connectedness, self-worth and trust). Other variables were missing: economic, human resources, political, social and cultural/ideological variables.

Kelman (as cited in Bennis et al., 1985) studied how underlying beliefs and ideologies are changed through social interaction. The theorist contended that three processes activate change: compliance, identification and internalization. Individuals who value conformity are more easily influenced by others (psychological compliance variable). Those who associate with groups that define or improve their images value identification (social status variable); and those who believe change will bring rewards that fit with their ideologies value internalization (psychological commitment variable). Missing from the theory were four variables: economic, human resources, political and cultural/ideological.

Bennis et al. (1985) discussed how political power can be employed as a strategy or variable of planned organizational change. The authors asserted that the strategic deployment of political power is a mechanism for obtaining compliance from others having less power. They explained that strategic leveraging of political power to influence change depends on the sources and uses of power. In the same discussion, the authors also noted that some organizations manipulate economic values, like political power variables, in order to sanction those who resist change.

The framework included political variables and, to a lesser extent, economic variables. The human resources, social, psychological and cultural/ideological were not identified.

Limited Value Sets in Organizational Change Theory Literature

Surprisingly, the literature found the variables in most studies to be narrowly defined with little insight on how multiple variables function to motivate organizational change. The review found no single theory that examined a comprehensive set of change variables. Furthermore, organizational change concepts varied, many lacked comprehensive data on multiple sets of values, and few identified specific variables that influence social processes of organizational change.

Some theories focused on issues related to corporations, examining changes to organizational structures, or offering methods for diagnosing problems (Kanter, Stein, & Jick, 1992). Other theorists were concerned with restoring continuity and steadiness in organizations as opposed to creating change (Burke, 2008). To fully comprehend the dynamics of change variables and to understand how they influence individuals through social exchange processes, it became essential to look beyond the organizational structure (Bennis et al., 1985). Although a smaller body of organizational change literature was related to higher education, many theories did not identify potential change variables, lacked an examination of patterns of relationships among the variables, and lacked findings that were context specific, e.g. social exchange process (Bennis et al., 1985; Burke, 2008; Svyantek & Brown, 2000).

Today, the Bennis et al. (1985) review of organizational change theory still holds true: “No viable theory of ... change has been established” (p. 64); and current

studies that attempt to examine variables of change are still limited in scope. Many planned change theories attempted to explain how organizations should function or improve, rather than focusing on the exchange process and the values people negotiate (Bennis et al., 1985; Bolman & Deal, 1984; Burke, 2008). The authors claimed that most theories appear to be “theoretical orphans” and concluded their review by calling on researchers to consider a basic principle for developing a theoretical framework of organizational change: an organizational change theory must include “manipulable variables - accessible levers for influencing the direction, tempo, and quality of change and improvement” (Bennis et al., 1985, p. 64).

These same observations were reiterated by current organizational change theorists such as Burke (2008): “Organization change theory barely exists, and we must therefore seek other theories that may begin to inform us in such a way that in a decade or so, a clearer and more definitive theory about organizational change *per se* will emerge” (p. 121). In the same discussion, Burke (2008) praised Bennis et al. (1985) as classic theorists whose framework remains the most comprehensive perspective ever considered. To prove his claim, this researcher conducted a database search of journal articles containing citations referencing the Bennis et al. (1985) framework. The search found a total of 185 citations in the social sciences index alone since the 1980’s through 1987, with the most frequent citations occurring since the 1997 to present day. The value of the authors’ analysis lies in the fact that they identified a wider range of factors that influence change.

As noted earlier, the literature confirms that organizational change is a vast field of study and often elusive in terms of theory. The literature also made a strong

case for researching how organizational change variables influence individuals within the context of social exchange processes. In view of these findings and in keeping with the principles of the Bennis et al. (1985) review, this study proposed a framework for analyzing six sets variables as described in the following section.

Based on a broad review of the literature, this study identified six sets of values that are commonly sought: economic benefits, human resources, political benefits, social benefits, psychological benefits, cultural/ideological preferences and human resources. Additionally, 33 different organizational change variables were gleaned for purposes of developing a comprehensive set of values/variables. Validated by the findings, this study determined whether these variables provided a more complete explanation of organizational change than current theories; and whether the study's theoretical framework would be useful to those contemplating organizational change in a postsecondary institution.

Chapter 3: Research Design and Methodology

Research Design

The purpose of this case study design was to search for and identify values that people in the institution sought through examining social exchange processes within the institution and between it and its external constituencies. The categories of values were analyzed and validated against a theoretical framework that generated new insights into organizational change. In doing so, this study employed a research design that was bounded by a three-year time frame from 1998 through 2001. This was the period of time during which the change process took place at the former proprietary school, TESST Institute of Technology (TESST).

A set of assumptions described the researcher's orientation and provided the framework for the study's chief components: theories, research questions, subsidiary questions and issues (Merriam, 1998). The first two assumptions of this study centered on the researcher's concept of variables that operated to influence organizational change processes. The last two assumptions involved the concept of social exchange processes in which variables operated to influence change. The assumptions helped shape and define four sets of questions concerning variables of organizational change and social exchange processes.

Research Questions

As Creswell (2009) suggested, case study design requires the researcher to posit questions based on assumptions as opposed to hypotheses and statistical tests that are more appropriate for quantitative studies. The research questions followed from the assumptions. The first two sets of research questions explored and revealed

variables that were presumed to have influenced individuals to seek organizational change at TESST. The last two questions helped to examine social processes whereby values presumably were negotiated among individuals.

The first two research questions listed in Table 2 (page 59) sought to identify the variables that were presumed to have potentially influenced the change in mission. The questions however, also attempted to identify *new variables* beyond those initially identified in Table 1. Participants were expected to provide data about their own perspectives and values that motivated them to seek change. Each variable was further examined and linked back to its corresponding assumption.

The four assumptions, the research questions and the variables that were explored through the questions are described below:

Assumption 1: The values that are sought when making a change include economic, human, political, social, psychological, and cultural and ideological factors.

Research Question 1: What concerns about TESST's environment and its internal circumstances led it to seek becoming a degree-granting institution?

- a) Were there any environmental trends and pressures that affected TESST's decision to become a degree-granting institution?
- b) What were the internal circumstances that suggested the need for the organizational change?

This line of questioning intended to capture information on external and internal factors that may have existed at the time and motivated individuals in the institution to seek organizational change. For example, a downswing in the economy was believed to be an external force that motivates individuals to consider cost

reduction strategies or to create programs to broaden the student market and increase profits.

Assumption 2: The factors that motivated making the change were thought to include the search for:

- a) economic resources for obtaining goods and services
- b) human resources for maintaining quality staff, faculty and students
- c) political resources that provide power to influence decisions
- d) social resources to improve the institution's and its staffs' standing in society
- e) psychological resources to enable staff to feel better about themselves
- f.) cultural and ideological identity that affects how people view and interpret their environments

Research Question 2: What were the organizational and individual benefits envisioned by those seeking the change?

- a) economic benefits
- b) human resource benefits
- c) political benefits
- d) social benefits
- e) psychological benefits
- f) cultural and ideological benefits

The question helped explore and identify variables (or combinations of variables) that operated to influence the organizational change process at TESST. All

six sets of variables were examined as motivating factors. The researcher remained open to discovering other variables not previously considered.

Assumption 3: The processes by which changes are pursued can affect the outcomes.

Research Question 3: What was the nature of the processes employed for bringing about the organizational change?

a) What features of these processes helped most in achieving its intended outcomes?

b) Which ones were not helpful or impeded by the effort?

The research question helped the researcher examine the context and nature of the social relationships and exchange processes, e.g. collegial, structured, unstructured, open, closed, exclusive, formal, informal or other.

Assumption 4: Organizational change takes place through social exchange processes with bargaining over the values identified as the six sets of change variables.

Research Question 4: Did the processes employed to bring about organizational change exhibit the characteristics of a social exchange process?

The question attempted to understand the kinds of social interactions that took place during the organizational change. Processes such as bartering, trading or collaborating or other interactions were believed to have been commonly employed in social processes. Table 2 below provides an overview of the study's research design:

Table 2. Research Design

Theoretical Assumptions	Research Questions	Variables	Sources of Data
1. The values that are sought when making a change include economic, human, political, social, psychological and cultural and ideological factors.	1. What concerns about TESST's environment and its internal circumstances led it to seek becoming a degree-granting institution? a) Were there any environmental trends and pressures that affected TESST's decision to become a degree-granting institution? b) What were the internal circumstances that suggested the need for the organizational change?	Economic concerns Political concerns Human Resource concerns Social Resource concerns Psychological concerns Cultural/Ideological concerns	Perceptions of key individuals Internal memos Board of Trustee agenda and minutes School enrollment reports Market studies Accreditation documents Commission regulations, policies, agenda, minutes Commission reports, data State labor/workforce database Journals, news articles
2. The factors that motivated making the change would include seeking: a) economic resources for obtaining goods and services b) human resources for maintaining quality staff, faculty and students c) political resources that provide power to influence decisions d) social resources to improve the institution's and its staffs' standing in society e) psychological resources to enable staff to feel better about themselves f) cultural and ideological identity that affects how people view and interpret their environments	2. What were the organizational and individual benefits envisioned by those seeking the change? a) economic benefits b) human resource benefits c) political benefits d) social benefits e) psychological benefits f) cultural and ideological benefits	Economic Human Resources Political Social Psychological Cultural and Ideological Others not yet identified	Perceptions of key individuals Other documents
3. The processes by which changes are pursued can affect the outcomes and are expected to reveal social exchange processes.	<u>Change process:</u> 3. What was the nature of the processes employed for bringing about the organizational change? a) What features of these processes helped most in achieving its intended outcomes? b) Which ones were not helpful or impeded by the effort?	Timeframe Participants & extent of participation Principal activities Nature and extent of communication or process Strengths and weaknesses of process	Perceptions of key individuals Information about social networks, memberships, associations, organizations Trustee minutes Memos Meeting minutes Internal documents
4. Organizational change takes place through social exchange processes with bargaining over the values identified as the six sets of change variables.	<u>Social exchange:</u> 4. Did the processes employed to bring about organizational change exhibit the characteristics of a social exchange process?	Evidence of negotiation, trade, barter, exchange among participants in the change	Perceptions of key individuals Documents

Research Methodology

The purpose of this study was to search for and identify values that influenced people at TESST Institute of Technology (TESST) to seek an organizational change through examining social exchange processes within the institution and between it and its external constituencies. In order to accomplish this goal, the study employed descriptive methodology and strategies that are common in the case study tradition.

Rationale

This investigation called for the following research activities: 1) examine selected sets of variables of organizational change, 2) determine if the analysis of the variables provides a more powerful explanation of organizational change than current theories; and 3) seek other variables that were not identified in the literature review. The means of achieving these objectives involved methodologies that are common to the case study tradition: interviewing participants who experienced the change process, examining documents, and interpretive (inference) analysis techniques.

These methodologies allowed the researcher to make sense of the role the value variables played in the context of social interactions that were assumed to have influenced organizational change decisions. The case study approach emphasized the methodical analysis of factors under contextual conditions and the understanding of complex relationships that took place (Stake, 1995; Yin, 2003). The research methodology also favored the development of a theoretical framework because single existing theories proved limiting to the study. Case study research allowed for the incorporation of “areas of information where limited research has been conducted ... and formed a database for future comparison and theory building” (Yin, 2003, p. 38).

This study intended to understand, describe and explain an area where limited research has been conducted rather than test a hypothesis (Maxwell, 1996; Merriam, 1998; Miles & Huberman, 1994; Yin, 2003).

This exploratory case study strategy also held open the possibility of discovering evidence of new variables. The probability of discovering variables not previously considered was increased by the number of individuals interviewed. Each individual was expected to have a different perspective on the same event. The case study involved emergent and flexible strategies that were capable of responding to changing conditions of the study in progress (Merriam, 1998). Document analysis and interviews were two case study methodologies that helped build multiple sources of data that were further analyzed and related directly back to the assumptions (Creswell, 2009; Yin, 2003).

Yin (2003, p. 5) advised novice researchers to fulfill three conditions when making a decision to employ case study techniques: 1) the research questions should be “exploratory” in nature; 2) the researcher must be ready to relinquish control over behavioral events during the course of the research; and 3) the researcher should focus on contemporary events. The first condition of case study research required the researcher to posit “what” questions as a way to explore and discover relevant information. Case studies commonly formulate “what” or open-ended research questions (Yin, 2003). This study explored organizational phenomena (the “what”) as opposed to investigating “how many” or “how much.” Such questioning would have been more suited to quantitative studies.

The second condition required that no aspect of the study should control the natural environment. This study presumed there would be no interference during the site visits and interviews with participants. The researcher did not impose ideologies or impart preconceived notions. The goal was to “learn from the participants’ direct observations” of the change process being studied, collect primary sources of documentation, and detail the events as witnessed firsthand by as many persons involved as possible (Yin, 2003, p. 8). To this end, the researcher presumed the existence of a natural “field setting” where social experiments or phenomena naturally emerged during the organizational change process.

The third condition required the analysis of a contemporary event. Although the organizational change process took place six years ago, it remained contemporary in the sense that the participants were the primary sources of data. A majority of the participants were still affiliated with the institution and indicated an interest in being interviewed.

In summary, case study methodology was appropriate for the following reasons: 1) the study focused on organizational change phenomena; 2) the study was clearly bounded by time; 3) the study relied on multiple personal experiences and perspectives of individuals; 4) the study explored, identified and described meanings and themes drawn from multiple sources of information; 5) the study of variables was situated within the context of social exchange processes; and 6) the study was framed on theoretical assumptions.

Single-Site Case Study

Although TESST is comprised of multiple campuses, this study regards TESST as a single institution having three different locations in Maryland; therefore, TESST will be treated as a single unit of analysis. Yin (2003) recommended employing single-case design rather than a “multiple-site” study when the study represents a unique case. The methodology chosen for this study is known as “single-case” design. The rationale for employing this design was based on a “unique” organizational change that took place at TESST.

As explained in the following discussion on site selection, it was and still is most unusual for postsecondary institutions in Maryland to depart from their original missions and goals; but it is even more unusual for a proprietary school to transform its mission, programs and status to that of a degree-granting institution.

Selection of Site

The site for this research was TESST College of Technology (TESST College), formerly TESST Electronics School (TESST or school). The selection was based on a sampling of private career school files at the Maryland Higher Education Commission (MHEC) against the following criteria:

- 1) must meet the State of Maryland’s legal definition of a private career school as follows:

A private career school is a privately owned and operated institution of postsecondary education, that offers programs for the purpose of training, retraining, or upgrading individuals for gainful employment as skilled or semiskilled workers or technicians in recognized occupations or in new and emerging occupations; they are privately owned non-collegiate institutions that offer training in dozens of fields ranging from cosmetology to allied health; some schools also prepare students professional licensure examinations (Education Article, Title 10, 2008).

- 2) must have undertaken a unique organizational change defined in this study as a major alteration of or departure from an institution's original mission and role in higher education; and
- 3) must have undertaken a change initiative within the last ten years.

TESST met the first criterion because it remained classified as a private career school by MHEC from 1967 until it became a degree-granting institution in 2001 (MHEC, 1967; 2001). Other than occasional updates to its programs, TESST never deviated from its original mission and continued to focus on electronics training.

MHEC's records found that traditional public and private non-profit institutions in Maryland rarely change their missions and roles unless legislation mandates change as in the late 1980's during the reorganization of higher education in Maryland (MHEC, 1980-1989). The private career school files revealed the opposite, that organizational change was and still is commonplace among proprietary schools in Maryland. Although the number of proprietary schools remained relatively constant over the years, the nature of the industry causes continuous change such as ownership, corporate acquisitions and program offerings, e.g. for every new school that opened each year, just as many closed (MHEC, 1980-1999). The average organizational lifespan of a profit-driven school is approximately five years (Kinser, 2006). Furthermore, it was extremely rare for a proprietary school to crossover into the collegiate sector of postsecondary education (MHEC, 1997).

TESST's long history of organizational stability stood out in contrast to the ever-changing training school industry. Its mission remained intact while the programs evolved from heating and cooling to computer training. The organization

itself remained relatively stable in terms of ownership, faculty and staff, and enrollments throughout the 1990's. According to MHEC records, the institution had become a successful model for other new proprietary schools (MHEC, 1980-1999).

TESST alteration of its mission and programs to that of a degree-granting college in 2001 met the study's second criterion for site selection. The third criterion was met by virtue of the timing of the event.

Data Collection Process

Data was collected in two ways: 1) institutional documents; and 2) semi-structured interviews with staff, faculty members and trustees who participated in the change process. The data collection methods for this study were guided by the following authorities: Yin's (2003) principles of data collection, Merriam's (1998) interview guidelines and Stake's (1995) data analysis strategies.

Data that was ultimately considered relevant became part of the study's chain of evidence (Yin, 2003). The study's data collection process served as a means of recording activities that the researcher was unable to observe firsthand and cross-checked with data generated from the interview process (Stake, 1995).

A significant amount of time was devoted to a thorough and systematic review of the institution's documents, especially those that preceded the decision to initiate change between 1998 and 2001. The objectives of data collection were: 1) obtain "multiple sources of evidence (Yin, 2003, p. 97); 2) enhance the construct validity and reliability of study's research design; and 3) address the study's research questions on variables and the social exchange process. To accomplish these objectives, the researcher examined various documents at TESST's main campus in

Beltsville, MD which houses the institution's records and at MHEC where the institution's historical records are retained.

Although a significant amount of time was devoted to a thorough and systematic review of the documents, the researcher did not rely on a document's face value, nor was swayed by underlying biases or read too much into a document. Individuals who produced the documents did not prove to have particular motives in mind. The nature of each document was evaluated on the basis of its relevancy to the study's research questions (Yin, 2003).

Important to this study were documents that described the purpose of, the need for and benefits (or negatives) of proposed changes to TESST's mission and status, particularly those that were employed as influencing strategies. The following documents were reviewed in order to gather evidence of existing variables: strategic planning documents, speeches and announcements; minutes of staff, faculty and trustee meetings; newspaper and journal articles; institutional policies, mission statement, logos and earlier catalogs; and the institution's accreditation association records. Internal reports and memos that chronicled the change initiative provided insight on the variables relevant to the research questions. Other data sources included annual reports, enrollment reports, marketing research, financial documents, organizational charts, and lists of officials, faculty and staff members.

MHEC was another viable source for obtaining data. The agency holds historical files for the State's postsecondary institutions including TESST's institutional file, the original 1999 proposal application to change its mission and status, and the subsequent MHEC team report. These documents were examined in

conjunction with evidence of factors of change. Data generated from documents pertaining to the State's political and economic climate at the time provided clues about environmental trends and internal organizational change factors. Other data derived from reports included: MHEC sector reports; changes in State regulations that affected the sector; TESST's accountability and compliance reports; financial reports; and regional workforce/labor reports.

Of significant importance was data that ascertained social activities and relationships that made it possible for key individuals to communicate and exchange their values such as bargaining, values conflicts, persuasion, exercise of authority, *quid pro quos*, etc. Documents that yielded data on the social context in which the variables were strategically employed to influence the decision to change TESST were sought and analyzed.

Other kinds of data included internal or external meetings held with individuals seeking something of value through social exchange processes such as constituents, legislators, accreditation representatives, government officials, and other affiliations. Other documents included those that described the types of meetings that were held, who initiated the meetings, who participated in the discussions and the issues that were debated. Evidence was generated on the kinds of negotiation processes that took place such as bartering, compromises, concessions, constraints and promises made in exchange for organizational change. These documents provided detail on the internal and external circumstances of meetings such as minutes, follow up memos, letters, descriptions of discussions held, and meeting dates.

A letter was sent to TESST's current president in advance of the site visits to request access to the institution's documents related to the change initiative at the Beltsville campus. The request included a list of the documents of interest, an office to conduct research on the campus premises and secured storage of the documents in a reserved room. Document review was scheduled in advance of the interview stage. The researcher revisited the items periodically during the data collection process. Another document collection strategy was the researcher's daily journal of field experiences. The notes included reflections, ideas, observations and recollections of informal meetings with staff. Journal entries were transcribed and categorized during the data analysis process. All documents were logged according to the coding matrix (Appendix B) and cross-referenced with a chronology of events (Appendix D) that took place during the organizational change between 1998 and 2001 at TESST.

The study engaged in personal interviews in order to gather data that addressed the research questions relevant to the change variables and social exchange processes. Note-taking, tape recordings and transcripts were the primary means of collecting data based on personal interviews. The study examined the notes and transcripts for evidence of variables that were not previously considered in the literature review.

Three kinds of interview formats were considered for this study: unstructured interviews are free-flowing conversations that elicited emerging world perspectives among the participants; highly structured interviews are like questionnaires that elicit orderly sets of information; and semi-structured interviews combine both types in order to elicit specific information as well as new ideas (Merriam, 1998). The study's

design and open-ended “what” research questions favored the semi-structured interview approach. This method helped the researcher explore sets of variables from the perspective of those who participated in the organizational change process. Additionally, the semi-structured interview method searched for and revealed new variables that this study had not considered.

Interview Questions

In preparation for the interview sessions with the participants, the researcher practiced the interview as scripted in Appendix A with three coworkers and two colleagues employed in higher education positions. As a result, the questions were edited and refined in order to ensure that they were comprehensible to the participants.

The interview questions described in Appendix A were discussed during the course of interviews with the participants. The questions were designed to elicit information linked to the study’s research questions, to confirm information, to build further evidence and increase the researcher’s clarity regarding the phenomenon. The study’s interview questions consisted of three varieties, each serving a different purpose: general, semi-structured and probing.

General, unstructured kinds of interview questions were posited at the beginning of the interview session which opened up dialogue with the participant. General questions helped make the participant feel at ease and provided the researcher insight on the participant’s orientation to the world in which s/he functioned (Merriam, 1998). The majority of questions presented to the participants directed their focus on the variables and the social processes that took place at

TESST. The structured questions were more poignant, struck a chord centered on the participants' values and produced rich descriptions about the context in which the variables operated. Probing questions asked the participant to provide further details about the variables and social processes, facts or examples about information elicited from the structured questions. Probing questions also helped ascertain the existence of new variables not considered in the study. Every effort was made to eliminate unproductive questions such as those that could lead to "yes" or "no" answers (Merriam, 1998). Each question was directly linked to the research questions in the study's design.

Interview Process

The goal of the study's interview process was to generate rich descriptive data linked to the study's purpose and research questions. To achieve this goal, the researcher employed a three-step plan in conducting the interview process: 1) selected participants; 2) defined the research relationship; and 3) established the researcher's role in the study.

Selection of participants. A total of 11 key individuals were employed at TESST prior to the period of January, 1998 through June, 2001. Most had some involvement in the organizational change processes and the researcher planned to invite all 11 to participate in the interviews. Six people agreed to participate in the interview process (participants). They had direct knowledge of, and involvement in, the transformation process; and they held recollections and first hand experiences pertaining to the research questions. Participants were recruited from TESST and elsewhere as most had moved into leadership positions in other organizations. The

researcher expected the prospective participants to provide rich descriptive sets of data concerning variables and social exchange processes.

TESST's former president and former vice president played key roles in leading the initiative to change the institution's mission and programs. As former TESST owners their recollections, insights and experiences generated primary data on the motivating variables and social exchange processes. They offered valuable information about the organization's culture, leadership and values.

Another participant, TESST's current president, was a mid-level manager (education director) at the time. This individual provided a valuable perspective as an internal player of organizational change and an observer of those who led the change initiative. A former campus director is currently a president of another technical college in Maryland. This person was very knowledgeable about the social exchange processes that took place. A former administrative director is currently a president of a for-profit college in another state. The participant provided insight on the organizational transformation process that was pertinent to this study. These participants offered descriptions of rewards, obstacles and trade-offs that took place during the social exchanges.

Those who had already been identified were asked for the names of other individuals in who had knowledge of the transformation. Merriam's (1998) "snowballing" strategy allowed the researcher to identify a retired employee of the Maryland Higher Education Commission (MHEC). Most of the interviews were held at the participants' offices where they are presently employed. One interview was held via teleconference and another held in a quiet corner of a coffee shop. All

meetings were scheduled in advance and organized around the participants' schedules. Discussions were held individually, they were recorded and the participants' privacy was ensured.

Research relationships. Given the importance of research relationships, the researcher first clarified the relationship with participants in the study, defined the nature of the relationship and opened with informal conversation in order to build rapport and trust (Merriam, 1998). The researcher developed excellent rapport with the participants. As a result, the quality of data obtained from the interviews ultimately improved the study.

The first phase entailed defining the nature of the relationship upon entering the research site. Given that case study methodology calls for the researcher to become an instrument of the study, the researcher assumed a neutral, non-threatening, and objective presence throughout the fieldwork process. To accomplish this goal, the researcher was sensitive to the views of participants, receptive to new ideas, and non-judgmental (Creswell, 2009).

The second phase involved building confidence among the participants in order to encourage free and thoughtful discussions during the interviews. This technique improved the quality of data elicited during the sessions involving probing interview questions. Much depended on the level of confidence the researcher had established with the participants. To gain their confidence, the researcher listened with great respect for what each individual had to say, and cultivated rapport and trust among the participants. Throughout the process, the researcher kept in mind that, as with most relationships, dealings with people are fragile and subject to change. To

maintain the kind of relationships that were so valuable to this study, the researcher employed the principles described in following section on human subjects protection.

The researcher had already established relationships with certain participants. The nature of these relationships was professional, collegial, relaxed and mutually respectful. Although good rapport and trust had been developed with the participants, there was no assurance that they would want to share their perceptions. Therefore, the researcher took great care to avoid creating impressions that could complicate research relationships. The researcher took every precaution to maintain quality research relationships that encouraged honesty and descriptive information without hesitation on the part of the participant. As Maxwell (1996) suggested, the researcher developed the kind of rapport that produced the data needed for the study.

Phase three involved strategies that encouraged positive interactions between the participants and researcher, strategies that evoked dialogue that was reflective, descriptive and meaningful to the study. During the interview sessions, the researcher employed diligent listening techniques, identified topics that seemed significant to the participant and asked for clarification and further explanation. Throughout each session, the researcher kept in mind that each individual brings unique beliefs, biases and assumptions that “color the interaction and data elicited” (Merriam, 1998, p. 87).

Human Subjects Protection

In order to elicit consistent and quality information from the participants, careful advance planning was essential with regard to protecting the privacy of the participants involved, and complying with the University of Maryland, College Park’s (UMCP) policies as well as federal regulations. This study’s proposal was approved

by the UMCP Institutional Review Board (IRB) prior to initiating field work and interviews.

IRB policies and federal law required the researcher to take every precaution to ensure the rights and privacy of participants and to exercise strictest confidentiality, not only during the course of interviews, but also when reviewing institutional data, reports, board meetings, historical data and minutes.

At the beginning of each interview, the researcher reviewed the IRB form with the participant, disclosed the security provided for the interview contents including the information and data to be collected during the interview, methods and procedures for safeguarding its security, and total estimated time required of the participant. The IRB form also provided information concerning data collected from documents or study existing data, documents, records. Participants were informed that information gathered from the interviews and findings on the variables would be incorporated in a comprehensive database. The data collected, including the field notes and interview in-take forms were coded in such a manner that subjects could not be identified, directly or through identifiers linked to the subjects. They were informed of the right to review research documents and asked for their approval of the use of recording devices. Occasionally, subjects asked to speak “confidentially” or needed to answer phone calls at which point the researcher would respectfully comply and pause the tape recorder.

Although participants were informed of their right to withdraw from the interview, some remained for the time allotted and others exceeded their time limits. After they reviewed the IRB form, participants were given an opportunity to discuss

any concerns they may have had and then asked to sign the document before the start of the interview. Once signed, the participant received a copy of the consent form.

Ethical issues centered on security of documents and treatment of participants in the research. The researcher recognized the implications and responsibilities that accompanied the privilege of accessing institutional information. The researcher exercised every precaution to safeguard the database and materials produced as a result of the study and ensured to the fullest extent that the information would not be used for other purposes. Some security measures included a personal laptop computer with a database that could only be accessed by a login/password system, a locked fireproof cabinet, a private office space at TESST's Beltsville, interview and transcriptions with coded identifiers.

Data Analysis Procedures

The data analysis plan was as follows: 1) examine raw data; 2) organize the data; 3) analyze the data; and 4) validate the data (Stake, 1995; Yin, 2003).

Examine raw data. Data analysis was conducted in conjunction with data collection activities. This technique required the continuous comparison of sets of data collected and the checking/re-checking of information against the research questions. The process entailed a periodic check for gaps in the data as well as for data sources that had been exhausted (Stake, 1995). Raw data in the form of audio recordings, documents, and the researcher's memos (observations, ideas) and notes taken during the interviews were transcribed and analyzed each day. Given that the data analysis hinged on the theoretical assumptions, data was linked to the theoretical assumptions and research questions that led to the study (Yin, 2003).

Organize the data. A database was developed in order to allow for the retrieval of specific information and checked for accuracy and inconsistencies. The first level of coding required a system for identifying items of information such as individual documents, each interview, field notes, observations, etc. The second level of coding involved the grouping of data in categories relevant to the assumptions and research questions that pertain to variables and social exchange processes. Each unit of data was assigned a code and placed in analytic categories as illustrated in the coding matrix (Appendix B).

Analyze the data. The purpose of data analysis was to identify variables and social exchange processes that influenced organizational change at TESST. The process required the search for patterns in the datasets and repeated meanings conveyed by participants. A search for patterns and meanings served two functions: to link data to the assumptions that underlie the study, and provide criteria for interpreting the evidence. The key to identifying important data patterns was determining whether a pattern noted among data in one category played out the same way as in other categories (Miles & Huberman, 1994). Repeated patterns were analyzed for consistency with assumptions and research questions while questioning the evidence. If errors or contradiction were suspected such as in a participant's perceptions, the data was cross-referenced with the accounts of the other participants.

The objective was to reduce multiple categories of data down to the most significant evidence. Data was sorted, aggregated and evaluated according to relevance to the research questions. Some data proved more significant than other

data, particularly when the data reappeared frequently. Other variables were revealed at this point, those that were not previously considered by the study (Stake, 1995).

Validate the data. The study established a chain of evidence that traced the path the variables followed during the social exchange process beginning with the corresponding research questions. Each chain of evidence was tested by tracing variables in reverse, back to the research question. By collecting and linking multiple sources of data (documents and interviews) the internal validity of the study was enhanced. Yin (2003) suggested developing a solid string of facts that flowed from any direction in the study between the research questions to the conclusions.

“Data triangulation” also helped to corroborate the most significant findings and provided a means of validating the study. Triangulation assured that the organizational change variables in question remained the same when examined at various points in the study. This process served to authenticate the existence of the variables that operated during social exchange processes which led to organizational change. Triangulation also confirmed that the researcher’s observations, the documents and perceptions among participants “carried the same meaning when found under different circumstances” (Stake, 1995, p. 113).

Ethics

It was incumbent upon the researcher to conduct an unbiased interpretation of views and values confided by the participants. Their realities and meanings were clearly represented without any distortions resulting from the researcher’s biases. To accomplish this task, the researcher remained unbiased about alternative explanations that emerged during the study. Additionally, every effort was made to weigh any

inherent prejudices held by the researcher that may or may not have persisted and to refrain from employing potentially biased procedures. The researcher continuously checked for biases at every stage of the research by journaling, rigorous introspection and continuous reflection.

The researcher exercised great caution to withhold personal beliefs and values. This required the researcher to refrain from employing language that was biased against individuals because of gender, sexual orientation, racial or ethnic orientation, or physical disability (Creswell, 2009). As a form of self-examination, the researcher systematically sought feedback on the data from the participants to ensure that the information accurately reflected the meanings they conveyed. This process is known as “member check” (Maxwell, 1996).

Chapter 4: Research Findings

This chapter presents the research findings based on organizational change variables that were identified during the data collection process. The findings were tested and validated against the framework established in Table 1. The variables were analyzed to see how well they fit the circumstances in which individuals were influenced to seek change at TESST Institute of Technology (TESST).

The first section of this chapter provides a synopsis of TESST's organizational structure and a section on problems encountered in this study during the interview process and how they were resolved. The next section describes the individuals who were interviewed followed by a section that characterized responses to four sets of interview questions. Responses were examined for evidence of change variables followed by a comparison with this study's variables framework (Table 1). Throughout this section, documents are referenced that were relevant to findings or assertions. The last section of this chapter analyzes the change processes and social exchange activities that influenced organizational change at TESST.

Problems Encountered

The study's initial review of the institution's organizational charts indicated that 11 individuals played key roles in the change. The researcher attempted to contact all 11 individuals via email, telephone and certified mail. Six were successfully contacted and agreed to participate, three could not be contacted, and two did not respond to the invitations to be interviewed. Although the number of interviews was limited, all six of the participants played key roles in TESST's organizational change. Collectively, their experiences provided rich, thick and

descriptive data that this study tested against a framework for organizational change variables.

A second problem developed during the selection of the participants. The researcher learned that TESST's instructors did not qualify as interview candidates for the following reasons: 1) their involvement in the organizational change process was limited; 2) none were identified who worked at TESST during this study's time frame; and 3) many left their positions when TESST was bought by Kaplan, Inc. It should be noted that for-profit institutions generally hire part time non-tenured instructors who have full-time positions in their areas of instruction (Katz as cited in Bennis et al., 1985). Private career schools commonly have a higher rate of turnover of instructors than traditional institutions. Shared governance is atypical in the industry.

A third problem that emerged was a growing realization that some of the motivations for the change contained elements that could be coded under more than one of the categories employed as a result of the theoretical framework developed for this study. For example, the "customer service" variable could be coded as an economic factor because if students are displeased with the institution, they could leave and lower its income. However, good students are also a human resource for the institution and, therefore, "customer service" could be coded as a human resource variable.

Data Analysis

Documents

Institutional documents and MHEC records were the chief sources of data for

this study. Fifty-three different documents were analyzed including old catalogs and brochures; mission statements; organizational charts; internal memos; Board of Trustees' agendas and minutes; TESST Advisory Council minutes; self-study accreditation report; enrollment reports; market studies; school archives; MHEC Private Career School reports, records and archives; and personal notes, artifacts and emails. Documents were carefully examined for evidence that supported information elicited from the interviews about organizational variables. Document findings are discussed throughout the sections on interviews and variables.

Interviews

Five of six participants played instrumental roles in the organizational change and had firsthand knowledge of the processes employed between 1998 and 2001. Although the participants were not asked about their ethnicity or racial background, a visual observation indicated that five were Caucasians and one African-American. Of the six participants, two were female and four were males. A profile of the participants is provided in Appendix C. At the beginning of the interviews, participants were informed of their rights to privacy and asked for their permission to tape-record the interviews. All participants agreed to tape the interviews, their comments were recorded and subsequently transcribed verbatim.

Description of participants. The participants were asked if they were employed by TESST between 1998 and 2001 and to describe their responsibilities during this timeframe. Two participants were the school owners/chief executive officers at the time and both led the organizational change initiative. A third participant was employed as an education director at TESST, the fourth was a campus

director, the fifth was an admissions officer and the sixth was a consultant hired by TESST. The consultant was selected because he played a key role in facilitating the organizational change and acted as an intermediary between the State of Maryland and the private career school. His insights lent a unique perspective to the understanding of organizational change and social exchange processes.

The participants were asked about their length of service at TESST up to 2001. The time frames ranged from nine to 28 years for five individuals. The sixth participant was the consultant who previously worked as an assistant secretary at the Maryland Higher Education Commission (MHEC). At the time he was hired by TESST, he had retired from MHEC and was working as a consultant to private career schools. The consultant assisted with TESST's application/approval process to become a degree-granting institution over a period of 18 months.

The participants were asked about the total length of time they worked in the private career school sector. Time frames averaged 24 years excluding the consultant who began his career in the private career school industry and worked in several states before arriving in Maryland to work for MHEC. When asked if they were still employed in the for-profit sector, four answered "yes," and two answered "no." The former TESST president/owner worked in the sector for 35 years and the former vice-president/owner for 28 years. Both retired from TESST after it was sold to Kaplan, Inc. but one former owner remains actively involved as the Chair of TESST's Board of Trustees. Of the three who are still employed in the sector, the former education director is president of a for-profit college in Maryland and the former admissions officer is the president of a for-profit college in another state. The former campus

director is the president of a private career school which is about to be approved to operate as a degree-granting college. The retired MHEC official occasionally consults for private career schools that are planning to apply to MHEC for degree-granting approval. All six participants continue to communicate regularly with each other.

Interview question format. The interviews involved four sets of questions that were developed to elicit the participants' recollections and views on factors related to TESST's organizational change. The first set of questions explored external and internal environmental trends that influenced the mission change and the nature of relationships to the broad categories of variables. If a response revealed a predicted value, the finding was analyzed against the coding matrix (Appendix B).

The second set of questions elicited data on variables related to organizational and individual benefits (factors) that influenced the organizational change. Participants were asked to recall their views about benefits individuals at TESST may have perceived (organizational and individual) that operated as factors affecting organizational change. During the analysis, if a variable was identified, it was checked against the taxonomy in Table 1. The variables were then categorized as follows: 1) a factor of change 2) not a factor of change, or 3) not mentioned during the interview. The totals for the three possible responses are discussed in the summary of this section and detailed in Table 3.

The third set of questions asked participants about the processes that were employed by key individuals who sought to bring about the organizational change. The nature of the process, its helpful features and its unhelpful features are discussed.

The fourth section examined value conflicts in the institution that occurred during the change process and how these conflicts were resolved as parts of a social exchange process.

Each section contains representative quotes that described the participants' responses and summaries of the findings in the literature concerning organizational change variables. The variables were identified and examined in relation to the variables found in literature review. If a participant did not have knowledge, was reluctant to respond to a question, or did not provide an answer, the response was characterized as unresponsive. If a variable was revealed in a response that was not identified in Chapter 2, it was coded as other variable (OV).

The interview sessions began with a general research question followed by the probing questions identified in Chapter 3. In some instances, the participants responded directly to the questions while others required follow-up questioning or clarification during the course of the interview. All participants were forthcoming and provided abundant data related to the organizational change variables.

During the transcription stage, it was noted that individuals generally did not converse in complete sentences or thoughts, and occasionally changed the topic midway during a response. Therefore, some sentences were modified to facilitate the reader's understanding. Brackets [] indicate that words in sentences have been inserted by the interviewer or personal information deleted. Information was excluded if it was not relevant and if it did not alter the response to the interviewer's questions. To reflect natural pauses in a person's speech pattern, semicolons (;) have been inserted in the transcription.

External Factors

Participants were asked to discuss factors that influenced the mission change at TESST as a result of external trends. They were also asked to describe the nature of the trends (underlying forces). To examine participants' views about external trends they believed were important, they were asked:

Were there any environmental trends and pressures that affected TESST's decision to become a degree-granting institution?

Three external trends influenced individuals at TESST to consider organizational change.

Economic Trends

During the years leading up to the organizational change in 2001, former Governor Paris Glendening focused on attracting corporations to set up businesses in Maryland to improve the State's economy (Florestano & Lewin, 1998). Another goal was to improve awareness among educators of Maryland's dependency upon workforce development, primarily in the area of technology. A study conducted by the Maryland Department of Business and Economic Development (DBED) (1998) reported that Maryland's technology businesses comprised 8 percent of the State's total workforce and this translated to 16 percent of the State's tax revenues.

A statewide survey found that nearly half of the employers in Maryland indicated that their ability to do business and produce tax revenues for the State was negatively affected by the lack of educated employees (DBED, 1998). The weakest skill areas were mathematics, communication and problem-solving. Employers called for state policies that would increase the number of occupational and technical college programs. Plans to improve the state's economy, and address the IT shortage

culminated in a mandate issued by the Maryland General Assembly directing the Secretaries of DBED and the Maryland Higher Education Commission (MHEC) to develop a plan and goals to improve student access to IT training/education programs and increase the number of IT graduates by 2003 (Florestano & Lewin, 1998).

According to the Maryland Department of Labor, Licensing and Regulation's (DLLR) labor supply and demand data, the estimated number of job openings between 2001 and 2006 in the IT field totaled 4,685 (DLLR, 2000). This data was compared with the MHEC degree trend statistics that reported only 1,598 associate level IT degrees were being awarded by all 16 community colleges in Maryland between 1995 and 1999 (MHEC, 2000). The schools' owners were closely connected with major IT employers in the Baltimore/DC region; therefore, they were well aware of the dilemma. They envisioned the opportunity to improve institutional profits if they decided to change the mission to that of a degree-granting college.

Given the inherent incentive to improve profits combined with the lack of competition at the time, the economic factor likely influenced the owners to pursue organizational change. The economic variables are discussed in the section on organizational benefits.

Trends in Human Resources

Private career schools follow trends in the state's economy and workforce because their missions are occupation oriented and they aim to supply employers with trained graduates. The following are significant human resource trends that were taking place in the late 1990's:

- In 1998, the forecast for the fastest growing occupations through 2006 was database administrators, computer support specialists, networking and other

computer scientists (increase by 118 percent) (U.S. Department of Labor, 1998).

- Employment of computing professionals was expected to increase much faster than the national average (U.S. Department of Labor, 1998).
- Demand for networking to facilitate sharing of information, expansion of client/server environments, and the need for specialists to use their knowledge and skills in a problem-solving capacity was projected to be a major factor in the rising demand; and the expanding integration of internet technologies by businesses, for example, resulted in growth in these areas which was expected to create demand for computer scientists, computer engineers and systems analysts (U.S. Department of Labor, 1998).
- A report by the Maryland Department of Business and Economic Development (DBED) indicated that Maryland had become the center for IT development (DBED, 1998).
- The Maryland Department of Labor, Licensing and Regulation (DLLR) reported that in relation to employment and percentage changes, from 1991 to 1997 IT and related services occupations grew at a rate of 226% or 12,101 jobs (DLLR, 2000).

These human resource factors pressured individuals at TESST to consider adding IT degree programs and producing IT graduates. They are discussed in greater detail in the section on organizational benefits.

Political Trends

Most of the participants commented on political factors that influenced the mission change at TESST: 1) public opinion about the for-profit institutions and 2) political climate. Since the mid-1960's, as a result of well-publicized financial aid scandals (Zumeta as cited in Schmidlein, 2004), and a proliferation of diploma mills, the public's view of the sector had been stained and remained to be restored (Kinser, 2004). A number of scandals in 2003 and 2004 and the nationally televised *60 Minutes* (Burd, 2005; Kroft, 2005) highlighting a well-known shareholder campus,

added to the sector's unsavory reputation. Additionally, legal investigations and congressional hearings followed a lawsuit involving the Apollo Group, Inc. which owns the University of Phoenix (Quill, 2007). These and other scandals involving the proprietary sector continued to add to uncertainty in peoples' minds about the sector's legitimacy.

Besides negative public perception, some academicians had not been favorable towards the proprietary sector. Traditional academics commonly do not envision degree programs of shareholder and enterprise colleges as the same caliber as those in traditional institutions and believe they emphasize training over academics (Kinser, 2006). Traditionalists tend to view the proprietary college curricula as focusing on practice rather than theory, research and analysis. They contend that while these programs meet the needs of certain types of students, their degrees are not comparable with those awarded by traditional liberal arts institutions. Powers (2006) explains that traditional academicians are likely to view the rapidly changing sector suspiciously and not in the same league as their own institutions. They are prone to distrust profit-oriented degree-granting institutions that have the organizational flexibility to make more rapid program changes based on market demands.

In Maryland during the late 1980's, legislators were roused by their constituents, such as students, who had become victims of schools operating in a fraudulent manner. The Code of Maryland Regulations (COMAR) §13B.01.01 (1991) pertain to private career schools. These regulations were changed in 1991 to heighten MHEC's legal authority over the sector. MHEC's strict regulatory approach weeded out disreputable training schools. One participant spoke about the State's

regulatory pressures which affected owners and caused fears among those working in the private career school industry:

There were a lot of precipitous closings among private career schools [in the late 1980's to early 1990's]; this was very upsetting [to TESST]; this was going on across the country; but in Maryland, being such a small state, over half of the schools closed down in the mid-to-late 1990's.

Schools that failed to meet MHEC's job placement requirements, program completion standards and federal student loan/debt ratio requirements were promptly closed. Other schools shut their doors and absconded with student tuition (MHEC, 1988-1999). Although MHEC had broad power to levy sanctions and fines against private career school owners for fraudulent activities, the State was not unique in its treatment of the sector.

By the late 1990's, the political climate was turning more favorable for the sector. This change coincided with the formation of the Governor's Business Roundtable for Education and a statewide assembly of educators at the Governor's Conference on Higher Education (November 3, 1999). Additionally, MHEC announced its controversial decision in 1998 to allow the University of Phoenix to become the first out of state for-profit institution to establish a campus in Maryland. One interviewee participated in the debate and reported first-hand observations: "I remember going to a MHEC meeting and everyone was horrified that the University of Phoenix was operating in Maryland; I remember some [from traditional institutions] saying, 'How can MHEC do this to us?'"

TESST's application to become degree-granting (MHEC, 2000, pg. 10) referred to these timely political trends that influenced individuals to promote organizational change:

“...the Governor’s Conference has recognized ... an open marketplace including institutions such as Strayer University, University of Phoenix, and Sylvan Learning Systems. State policy makers have not sought to block these alternative providers from delivering high quality education.”

The same document referenced a statement in a MHEC report (November 3, 1999): “The additional competition will be healthy for traditional institutions and beneficial to the public.”

Another participant observed: “We felt there was a political climate in Maryland that was different in the late 1990’s to 2000 than in previous years ... in the sense that [for-profit] institutions were welcomed in the State.” To some participants in this study, these decisions signaled a change in Maryland’s political climate that would favor organizational change at TESST.

External Trends Not Identified

Three potential external trends were not identified as factors that influenced organizational change: social, psychological and cultural/ideological values. This finding is discussed in Chapter 5.

Internal Factors

Other internal factors were taking place about the same time as the external factors that were identified above. This section summarizes six internal factors that were found to have influenced key individuals at TESST: economic, human resources, political, social, psychological and cultural/ideological values. The following interview question asked participants to recall internal factors at TESST that influenced organizational change and the nature of their impact:

What were the internal circumstances that suggested the need for the organizational change?

Economic Factors

The vision of increased profits derived from student tuition is likely to influence any owner of a for-profit institution given that a school's livelihood, staff salaries, programs and future depends on its financial resources. An institution's profit/loss statement and annual report are key economic indicators of its affluence.

A review of a financial report by an independent auditing corporation confirmed that from 1998 to 1999 TESST's profits escalated (Hunt & LaPorte, 2000). In 1998, TESST earned approximately \$10 million; in 1999, gross income totaled approximately \$12 million (Hunt & LaPorte, 2000). Profits grew exponentially as student markets were identified, enrollments grew, new campuses added, programs developed and technologies acquired.

Human Resources Factors

Some of the participants noted that in its early years, TESST was a simple partnership with a small but steady enrollment. Internally, the organization expanded so rapidly that human resources were stretched thin. By 1999 the school owners added a new layer of management to the organizational structure and a cadre of faculty (Hunt & LaPorte, 2000). These changes and the role they played in influencing change are discussed in the section on individual benefits.

Political Factors

Responses concerning internal political factors provided abundant data. Most participants gave insight into the political prowess of the key players at TESST. To promote the interests of the institution, they pursued political agendas, affiliated with politically connected people, entered political circles, sought visibility and developed

strategies to achieve independence for TESST. Essentially, these key people became the institution's lobbyists who had the expertise, political savvy and connections to communicate with key legislators and the Governor. The power and influence these individuals acquired influenced the organizational change.

Social Factors

The interview transcripts provided evidence of collective institutional value systems and individual social beliefs. This information confirmed that social factors played an important role in influencing organizational change at TESST. Some participants reported that three social values identified in the literature were important to the organization: status, prestige and reputation. In their responses, some individuals described key moments in which these social values influenced others to support change. Most participants desired an image of educational distinction for TESST. The specific social variables that influenced organizational change are discussed in the section on organizational and individual benefits.

Psychological Factors

The participants' responses frequently referenced internal psychological factors associated with feelings of connectedness, commitment and self-image. Most participants discussed the factors on an institutional level and some spoke from their own personal perspectives. In general, the institutional factors were associated with the general outlook employees envisioned for the institution and their morale. Individual factors were clearly dominated by feelings of trust and a sense of self-worth. The psychological variables that were revealed in the interview transcripts are identified in the following section on organizational and individual benefits.

Cultural and Ideological Factors

Throughout the review of the interview transcripts, it was noted that the participants were highly influenced by their perceptions of the organization's culture and individual ideologies. These factors were revealed in descriptive responses concerning the institutional culture, collective beliefs and values, and institutional sagas and events. The variables are discussed in the section below on organizational and individual benefits.

Organizational Benefits

The participants were asked to discuss what they envisioned the organizational benefits to be as a result of the change. Their responses were examined, variables identified and cross-referenced with variables listed on Table 1. The variables were then placed in one of three categories: if a variable was revealed in a response, it was coded as (1) a factor; if a variable that was mentioned as a non-issue, it coded as (2) not a factor; and if a variable was not discussed in a response, it was coded as not mentioned as a factor (3). If a variable was revealed in a response that was not identified in the literature review, it was coded as other variable (OV) and all three possible responses were then totaled. The results for each of the variables are provided in Table 3.

Economic Benefits

Seven out of eight economic benefits that were identified in the literature review were reported to be factors of organizational change and one benefit was not mentioned as a factor. One economic benefit was reported not to be a factor in the change.

Build alumni funds (EV 2). Five participants did not report alumni funds to be a factor. One participant reported that the prospect of building alumni funds was not a factor of organizational change. The participant stated: “As a for-profit institution, TESST wasn’t expecting a whole lot of gifts [or endowments]; [instead] we did want someone who could assist us in finding ways to make inroads into the community.”

Increase profits from student tuition (EV 4). Two participants reported that increasing profits derived from student tuition was a factor and four others did not believe it to be a factor influencing the organizational change. The incentive to increase profits derived from student tuition is fundamental to the survival of a privately owned career school. One response emphasized the competitive nature of the industry and the importance of being resourceful: “Many schools [fell] by the wayside ... but TESST had been around a long time; the idea was we wanted to stay in business; top management knew that if we want to stay in business, we have to grow [enrollments].” Another individual described the profit-making incentive as variable linked to the prospect of increasing enrollments:

We both were interested in expanding the number of students who could be served; and at that time there really weren’t any competing career-focused institutions in [the field of] electronics like TESST in our market area; there were a large number of students commuting from Virginia to enroll in our program; we envisioned expanding to Northern Virginia ... so we thought there were some institutional benefits as well if we expand [enrollments] ... this was probably the first type of growth goal that we together along with the institution experienced.

In another part of the interview transcripts, the same person described TESST’s marketing plans:

We began working on a marketing plan because we hadn’t been drawing students directly from the Baltimore market before acquiring AIT ... unlike some collegiate institutions, where they have housing and students living on

campus our students were the ‘commuter market’ ... we were looking to recruit students from about a maximum 25 mile radius but that was a small percentage; the largest student market was within a 15 mile radius ... so with the new Baltimore market we worked to convert our programs to attract more students from a longer distance.

The former TESST recruiter described strategies that were developed to build enrollments and tuition income:

When I came on board [the school owners] had just purchased the Baltimore campus that eventually moved to Towson ... [they] were trying to develop a high school [recruitment] program to increase enrollments ... hired me just to set up high school programs; they saw an opportunity to increase enrollments; then they bought the schools in Baltimore and Beltsville; so I worked with high schools in Baltimore and the Washington metropolitan areas ... that’s when the high school programs took off ... so these were good times [financially] for TESST; to this day I believe TESST still draws [a large percentage] of the students from the high schools into the degree programs.

Increase federal and state funds (EV 5). One participant reported that an increase in student financial aid was a factor and five others did not report this source of income as a factor. Student financial aid programs (federal and state funds) subsidize the student’s cost of attending a pricey private career school. One participant characterized the incentive to increase federal and state funds:

Private career schools were never [a major postsecondary sector] until financial aid and loan programs evolved ... once [federal student] aid became a factor, private career schools proliferated ... I think the pressure; I don’t mean to say this in a negative way; but they were in the business to make money; that’s the nature of proprietary schools; so I think [TESST] saw that by gaining approval to award degrees they would make more money; there may have been more federal money that motivated them. In addition to student tuition, private career schools also rely on federal and state funds.

Add new programs (EV 6). Two participants reported the adding of new programs to be a factor of organizational change and four others did not. Labor shortages in a growing industry presented potential economic opportunities to individuals at TESST. The following response described how individuals viewed

potential profit from an industry that was experiencing a shortage of qualified workers:

When I was hired [late 1990's] ... there was much going on in the area of IT ... and network technologies; these programs could make TESST more competitive and produce students with desirable skills ... but electronics was the strongest program because employers were demanding electronics grads; I had a sense that IT was the future; took classes in networking and gained new knowledge ... about that time the Beltsville campus was built; so I suggested to [school owners] to consider adding a networking training program.

Another participant described how the decision to add a new IT program influenced organizational change at TESST:

In April of 1999, we rolled out our first IT programs at all three of the MD campuses at the same time and one quarter later at the Virginia campus; then we started asking ourselves, 'Are there some students enrolled in TESST programs only as a stepping-stone or [want the] option to pursue a degree?'; and so, we started analyzing [organizational] change.

Build facilities (EV 7). Two participants reported building facilities as a benefit and five others did not mention it to be a factor of change. The incentive to build more campuses was driven by the need to increase classroom space to accommodate growing numbers of students. The following participant described a well-executed plan to expand the number of TESST campuses:

From 1998 to 2002 ... the campuses pretty much doubled in student headcount size; plus we had moved into three (3) new facilities ... Hyattsville had many space restrictions and no room for growth [and] Beltsville was established in 1998 ... Towson although it was not out of space, moved to a new geographic area ... Towson was established in 1998 ... the [original] Alexandria campus was very restricted in terms of space [also] ... and [the new campus] was established somewhat later in 1999.

Another participant described the incentive and strategy for adding more campus locations:

The original TESST Electronics School was located in Hyattsville [Maryland] ... [we] acquired TESST [mid-1980's] ... we opened the first TESST college

expansion on Duke Street in Alexandria ... then we said, '[TESST is located] in Hyattsville on the North side, and in Alexandria on the South side' ... that's when we started looking around Baltimore... we knew [unnamed owner] of Arundel Institute of Technology [AIT] ... so we acquired AIT ... later we closed [that same] campus ... it just wasn't in a good location; moved out to Towson ... where the [Towson] campus still remains ... that same year ... we ran out of space in Hyattsville ... we moved twice that year [from] Baltimore to Towson [and from] Hyattsville to Beltsville.

About the time the AIT building was sold TESST's owners made an offer to purchase RETS training school. For nearly half a century, RETS had been offering heating/cooling and television/radio repair as well as drafting and electronics programs. As described below, the benefit of purchasing RETS influenced the owners to pursue organizational change:

We were also looking to expand again and we contacted [unnamed owner of] RETS Technical Training Center in Baltimore ... he ended up selling to us [in September, 1999]... it is a great location [and] has the largest student population there of any of the other [TESST] campuses; that's when we started looking [at changing TESST's mission] into degree-granting.

Acquire technologies (EV 8). Three participants reported acquiring technologies to be a factor and three others did not. One response provided some background for understanding the financial incentive to update instructional technologies:

When I joined [TESST] ... there was a medical office specialist program with a handful of students at the Alexandria campus; probably no more than 30 students in all; then drafting was another [TESST] program which had been very popular at one time, but was experiencing a declining enrollment [because] there were many technological changes going on in the drafting field; [although] the ... the fundamentals of basic electronics generally stay the same over a period of 30 years, applied electronics does change.

Another participant shared a similar view about updating TESST's programs and instructional technologies:

TESST had an administrative secretarial program that provided basic

Microsoft skills; those were the only IT programs ... the Baltimore campus offered a programming course which was very out of date at the time we acquired the [AIT] school; so we updated that course and upgraded computers and instructional equipment in the building.

The following participant also believed it would be beneficial to add new technologies:

Yes, I really thought it was important [to add more technology]; and that if we didn't [update], we would just become stagnant as an organization; and [TESST] would become one of those old shabby private career schools that are okay but they never change; and they have the same people in the same positions for 30 years; they lack up to date computer systems; and I saw us going in that direction and thought 'If we don't change how could we get any better?'; then we began thinking about becoming degree-granting; it forces you to constantly improve [the programs] and get better [as an institution].

One participant spoke in a humorous manner about discovering that the new Beltsville facility lacked adequate network wiring:

Here is a funny story; just before moving to the new [Beltsville] campus; computer wiring had been installed under a few floors in the huge building; and MHEC just approved [TESST to offer] the networking training program; so we all worked as a team to wire the classrooms; the president, vice-president, the director of admissions; all of us installed computer wiring throughout the ceilings and walls by ourselves.

Institutional documents also indicated that the advisory board members were concerned about technology after they toured the newly added RETS campus and other TESST sites in fall, 1999. As a result, they recommended purchasing new computer workstations for students, installing updated instructional equipment, remodeling the offices and ordering more volumes for the campus libraries (TESST Advisory Board, December, 1999). As a result, investments were made and technologies upgraded.

Human Resource Benefits

Student markets (HR 1). Two participants reported student marketing to be a factor and four others did not mention the benefit. One participant perceived

institutional benefits from recruiting students with stronger academic skills: “I think people saw ... school benefits; you can imagine the kind of students who would be drawn to degrees as opposed to diplomas; the quality of student was going to improve.” Another participant described how tapping a broader market yielded better quality students and provided an incentive for instructors to support organizational change:

When TESST added more campuses and moved to new locations, we attracted a different, smarter kind of student ... so if a student happens to already have some computer skills, they may become more challenging to the instructors; not in a negative way, but in a positive way.

Improve qualifications of faculty and staff (HR 2). Four participants reported improving faculty and staff qualifications to be a factor and two others did not. One participant described the benefit of improving the overall quality of faculty:

We also needed to bring in new faculty ... what happened was that TESST suddenly went from zero to 900 IT students among the three campuses in one and one-half years; to meet the demand, a large number of faculty were brought on board; [this] led to improvements in the quality of the faculty.

Another participant reflected on how an improved faculty benefited TESST and influenced organizational change:

[The recently hired education director] brought this new thinking to TESST; but at the time, very few staff and instructors had degrees; we were a technical school and trained students to get jobs without going for a degree ... but [the director] had a lot of experience in faculty development [and] brought a new way of thinking about academics to the school; [the director] held the teachers to a very high standard; hired and trained instructors; held in-service sessions that instructors found fascinating; from that point on, I observed how the quality of instruction improved; that’s when TESST started to mature as an organization; [the director] would hire instructors and seek people with greater qualities and degrees; once we realized that TESST [faculty] could be better, it got everybody to thinking we could move up to a higher level.

As the organization grew, a new layer of management was added. The

owners developed a training plan to orient the new staff to their form of management:

The goal was to get all management staff on board the TESST way of running a career school at that time ... we promoted a person to become a school director [of the Baltimore campus] ... the title of school director [was used] as opposed to [college] president; at that time we never used president of a campus as a title for a person overseeing or managing a campus, they were [regarded as] school directors.

The school owners were also motivated to employ staff resources in a cost efficient and effective manner. The following response describes how they developed a structure and allocated human resources:

More new hires [called for] continuous monitoring; you have a director of education, is it better to have... let's say [option a] we now have four locations; some career schools or colleges would think it's better to have a director in charge...and say everyone would work under that director or [college] president; let's say [option b] there is a director of education for each program at each of the four locations; and at each location the school or college offered programs in computer repair, information technology or it could be drafting and so forth; and each area has a chief instructor who is over the other instructors; the director of education manages those chief instructors; and then the school president or director would oversee the entire organization; so in this way, each campus is functioning independently; another way of functioning, which is the way [unnamed] and I chose to do it was [option c]; one of us was always available; we had a director of education to oversee the computer program ... a director of all the hardware tech, repair and drafting programs; they were at the main Beltsville campus at the time with [unnamed] and I; and so they would then go to those individual campuses and rotate around and the school directors really didn't oversee or manage the individual instructors ... the directors of education ... worked from the central [Hyattsville] office ... the role of the individual campus director was more of overseeing job placement services to financial aid, everything except the instructional division ... so there are different ways of running a private school ... Kaplan Colleges for instance are organized differently; each campus really runs itself.

Advisory boards also assisted faculty by offering suggestions to improve program areas. According to the following, board members' advice and expertise were also sought:

Well, TESST never had a Board of Trustees before ... we brought in a fairly

small board; [we] needed to find out what the right dynamic in the group would work; so we brought in seven Trustees; we looked for people we thought could bring in expertise from the outside to sit on some of the standing committees that would be forming; we searched for a person who could help us with the overarching academic process ... with expertise to handle the academic and student affairs committees; for the financial committee, we found a Trustee with both a CPA and CFO background to help TESST in that area; and then we formed a long-range planning committee; so we knew a [retired] fellow who worked for NSA for 30 years ... he worked for one of the major consulting firms and for a number of years taught part-time at TESST; he knew TESST internally ... he also had a lot of real world experience externally and led a big group of NSA officials; one of his roles was strategic planning; so we thought he was a good match for the Board of Trustees; then we found an employer with a technology background; [he] was running a high-tech company; then we formed a community affairs committee that is probably a little different in an institution like TESST than it might be in a traditional collegiate institution.

Political Benefits

All six political variables that were identified in the literature review were reported to be factors that influenced organizational change.

Pursuing a political agenda (PV 1). Four participants reported a political agenda to be a factor influencing change and two others did not mention the benefit. The following participant reported that the incentive to join political committees influenced individuals at TESST: “Governor Glendening’s Workforce Investment Board [GWIB] opened political doors for [TESST]; both [school owners] were well known supporters of Governor Glendening and they were active members of GWIB.” Another participant added: “I was on the MHEC Student Advisory Council at that time ... I represented the for-profit sector on the Council.”

One response described efforts that individuals made to pursue TESST’s political interests:

[Unnamed] was a commissioner for ACCSCT accreditation association; and did a lot of traveling for ACCSCT at one point; and was highly involved on

the academic quality accountability side of the organization; [unnamed] was more involved with GWIB and [unnamed] was also involved in political organizations back then ... they influenced changes going on at that time in the private career school industry ... at one point they [school owners] were both very involved in the Maryland Association of Private Career Schools; [unnamed] was as well; they knew their industry well and were very devoted to technical postsecondary education.

Affiliate with esteemed organizations (PV 2). Three participants reported political affiliations to be a factor influencing change and three others did not mention it as a factor. The social process and being seen with influential individuals in esteemed organizations was described by the following participant:

We became recognized because we joined committees ... [unnamed] began joining more education type committees ... and I might be on [other] committees [such as] advisory committees on career education ... so, together, we covered a lot of areas at the time ... but he and I worked equally hard in building connections ... he is a very good speaker with educators and politicians ... very bright; graduated top of his class.

One participant stated: “The [school owners] just through their connections alone ... they actively talked with politically connected people.” Another participant described affiliating with influential individuals:

There were political changes going on; [unnamed] was on the GWIB committee; I would say that [school owners] both worked very hard [for] five years before we became degree-granting; they [joined] the right organizations and took on leadership roles.

A key participant described the benefits derived from participating in meetings and influencing others in favor of organizational change:

And then by those kinds of meetings and contacts and being on the Governor’s workforce investment board there were other college presidents that I would be sitting next to; there was a Secretary, you know, not only of Higher Education but all the other Secretaries in the State ... the relationships we had with them allowed us to meet with impressive college officials such as [unnamed president] who said, ‘I’m not going to object, I think you have a right to become degree-granting’.

Acquiring visibility for institution (PV 3). Two participants reported acquiring visibility to be a factor and four others did not mention it as a factor. One response described how the school owners enhanced TESST's presence in the community:

We were very involved with the community ... TESST also for years did so much charity work with a lot of the boys clubs; this drew advocates for change; we held charity golf tournaments every year that sponsored the Prince George's Boys Club; so we had a lot of [interaction] with the community ... TESST also worked with the high schools in Howard County [and] donated computers.

The next response illustrated how the school owners gained the interest of influential politicians:

When Glendening was the [Prince George's] County Executive we brought him in to [tour] the original TESST-Hyattsville campus to show him what we were doing; former Governor Schaeffer who was Mayer Schaeffer in Baltimore at that time [also] came down to TESST to [tour] the school; we asked every major politician in the State at the time to come down and see what we were doing ... we brought in Jim Moran who was running for Congress back then; and we brought in state delegates and senators; we invited them to tour the campus before it opened to show them what we were doing ... from then on we got to know important people and they got to know TESST.

Power and influence (PV 4). Two participants reported gaining power and influence to be a factor of organizational change and four others did not mention it as a factor. The following response described how legitimate power was invoked through designated titles:

Internally? Well, at that time, [unnamed] went from vice president to president; I told him, 'You've been doing everything I've been doing for years, so why don't we go ahead and appoint you president? I will be the chief executive officer and ... spend more time away [expanding the organization]' ... before that ... I had been there a lot longer and would turn it over to [unnamed] who would oversee the day-to-day business ... but for awhile he was more or less was running the show; he is very articulate ... we were always looking at our internal organizational structure.

The study's theory suggested that those who admire the power a leader

possesses are likely to be motivated to support a change initiative. The consultant to TESST provided insight the power he perceived the owners to possess: “The [two school owners] had the authority [power] to stand up and be recognized at the top of the list along with traditional college officials.”

Acquire more independence (PV 5). Four participants reported acquiring more independence to be a factor and two others did not mention it as a factor. The motive to free TESST from the state’s regulatory requirements motivated individuals to influence organizational change: “I believed the biggest obstacles to TESST's goals were the political forces and regulatory forces at MHEC; whether or not this was a reality we were driven to overcome the forces.” Another participant characterized the motive to seek organizational change and liberate TESST from regulatory forces:

And then when we asked ourselves, 'Why do private career schools have to provide so much information while colleges don't?'; only 20 percent of community college students who initially apply for admission ever graduate; but 60 percent of our students complete TESST programs ... the regulations seemed disparate; but then when TESST became degree-granting the regulations seemed less ominous; and the state has reasons for different standards and regulations; there was a time when school closings left students hanging; MHEC PCS staff would remove furniture and load trucks with student files at schools that shut down.

The next participant also believed that increasing oversight of the sector at the state level influenced the leaders to pursue organizational change:

MHEC does have a more stringent set of regulations involved in reviewing a new proposed program for a private career schools [compared to colleges]; MHEC will set restrictions such as, 'You can only enroll up to 20 students [per] class' and we don't know why; but in a college there are not these kinds of limitations; a college can enroll over 100 students in a lecture hall; so why can't a private career school do the same? The private career school regulations are very restrictive.

Another participant observed a restrictive movement at the federal level: “As a result of the 1992 Higher Education Reauthorization Act there were more stringent policies in place for for-profit schools than colleges.” The following response described the incentive for changing TESST's mission:

It is really very difficult for a small school to function in a highly regulatory environment; you need a team of legal specialists just to keep up with regulations from the federal government; accreditation agencies and programmatic accreditation have become more scrutinizing ever since the 1990's; so [TESST's] owners had the vision to see in the future and realized it would become increasingly difficult to exist as a small private school in this kind of environment ... they studied many other schools that made the difficult decision to change to degree-granting.

Although most federal regulations apply equally to all sectors of higher education, some single out the for-profit sector such as the Higher Education Act's 90/10 which requires that for-profit institutions may not receive more than 90 percent of their earnings from student aid (Kinser, 2006). The sector is also closely monitored by other federal agencies such as the Securities and Exchange Commission, Federal Trade Commission and U.S. Department of Veterans Affairs.

Access inner circles (PV 6). Two participants reported accessing inner circles to be a factor and four others did not mention it as a factor. For one participant, an appointment to a prestigious committee provided an opportunity to interact with influential college officials:

I remember getting this invitation to Governor Glendening's conference on higher education held every year at the University of Maryland ... before [TESST] became degree-granting; and because we were part of the [postsecondary education] resources in Maryland ... in this case career education; the Governor's office said, 'We'd like for you to chair a round table of higher education presidents; and I was like, 'I'm with a private career school; we teach electronic technology [and] computer repair; sure you want me to do that?'; and they said, 'Yes, we have a lot of questions about how successful [TESST] has been ... with job placement and retention and so forth;

compared to some of the other sectors of higher education'.

Another participant described how networking provided opportunities to sway opinions among important individuals:

One of the USM [University System of Maryland] officials who initially objected to TESST [becoming degree-granting] got to know [unnamed] while working on the [round table]; he got to know more about TESST; so I think that's how [unnamed] won him over by working with him.

Social Benefits

Five out of seven social variables that were identified in the literature review were reported to be factors of organizational change and two others were not reported.

Enhance institutional stature (SV 1). Four participants reported enhanced stature to be a factor and two others did not. One participant described the goal to improve TESST's status: "It was either we would open another new location or change to a degree-granting institution; we didn't really want to open a new location at that time because we wanted to make what we had even better." Another participant proudly described how TESST sought and acquired an agreement with a well-established private, regionally accredited college in Laurel, Maryland:

We had a long history with Capitol College and believed that this [four-year private] college was a natural pathway for our graduates to enter a bachelor's degree program; we had many meetings with the college president; we developed articulation agreements with them; the president spoke at our graduation ceremony ... Capitol started as a private career school; why couldn't TESST become a college?

The following response also offered insight on the social benefit: "Capitol College let us share their library; we held our graduations at their campus and TESST had articulation agreements with Capitol."

Articulation agreements and exchanging resources between private career schools and colleges are rare in Maryland. These arrangements also evidenced that if a traditional college institution awarded collegiate credit to students who completed TESST programs, then organizational change was possible.

Upward striving (SV 3). Five participants reported upward striving to be a factor and one other did not mention it as a factor. The following response described the two schools' owners desire to change perceptions about TESST:

As far as TESST goes, TESST always was a leader in the industry; we held ourselves to higher standards and codes; we desired to be better so our students would have greater opportunities ... it was that we wanted to be better [than other career schools] ... [school owners] said, 'If we're going to stay with TESST schools, we will grow and go to the next level' ... that's what I observed ... the Board of Trustees was composed of people from the community and they were also very supportive ... they recognized [the owners'] reputation and knew we could do [organizational change] right.

The following participant characterized the motive that generated the organizational change variable: "And we just had to be recognized as being as good as other degree-granting institutions and that really drove us in part to change the mission and status of TESST." The next response characterized the motive to escalate TESST's image:

The [aspirations] at TESST were somewhat different from other schools in the industry at that time ... I believe [the schools' owners] perceived the opportunity for TESST to be thought of differently, not just another trade school ... staff wanted to know exactly where TESST stood; its reputation and how can we enhance the reputation [and] compete with existing programs at other colleges; no matter how great the non-traditional program might be, there will always be [skeptics] who doubt the quality of TESST programs; we were highly motivated to believe if we are going to do this, we are going to do it the right way.

Another participant viewed upward striving as beneficial to the institution as a whole:

Well, I would say that TESST was good to begin with ... it was an organization that had a good reputation ... [school owners] were also the kind of folks who personified the school ... in casual conversation one would know

immediately that they were good people with high standards; therefore, the school must be good; that's my understanding.

The following viewpoint revealed upward striving as an important factor of organizational change:

None of us really knew what to think at first; then we saw a great opportunity if TESST became a college ... everything that goes along with the distinction, the pride and the recognition that is part of being a college.

Social leveraging benefit (SV 4). Three participants reported social leveraging to be a factor of organizational change and three others did not mention it as a factor.

One key participant described the benefits of associating with influential educators and political officials: “[Unnamed] and I had been active at MHEC, beyond just our own private interests; we made an effort to be involved in a number of areas connected with MHEC.” Another individual reported on building social relationships with influential college presidents:

We had a good relationship with Prince George's Community College ... TESST also had a partnership with Chesapeake College where we provided all the instructors and computers for their IT program ... and Chesapeake was looking for a partnership with TESST because we could provide all the computers and instructors for their IT courses; so Chesapeake understood what we wanted to achieve ... again, the president of Capitol College.

The next response characterized the motive behind social leveraging: “The [schools' owners] ... relied on the relationships they had established in the higher education community when they decided to change TESST.”

Legitimacy (SV 5). Three participants reported gaining legitimacy to be a factor that favored organizational change and three others did not mention it as a factor. One respondent focused the discussion on TESST's reputation:

“We heard that when people were asked, 'What is the best private career school in Maryland?' the answer would be, 'TESST'.” ... I trained [unnamed]; worked every day for about six months ... right in the same office ... every

day; and the idea was ... everything has to be professional; and everything has to; you know, make sure the reputation of the institution remains high; when you're making decisions you're making decisions you know that are basically going to be solid for the students and the institution as well.

Another participant also perceived TESST as having a sound reputation based on an endorsement by a traditional institution: "TESST had, I like to think, a reputation in Maryland that was at a different level than most other private career schools ...

Capitol College favored approving TESST as a college even though they were offering similar programs." The next response illustrated how MHEC validated TESST's reputation as a reliable provider of training programs:

We helped out other private career schools that closed down by 'teaching-out' their students; we taught out [unnamed school's] students and other schools; every time we did this, we learned what not to do and learned from the mistakes that caused MHEC to shut them down ... people at MHEC ... recognized [school owners'] reputations ... [unnamed] still sits on one of the advisory councils at MHEC representing private career schools.

It should be noted that the term, "teach-out," refers to the MHEC Private Career School division's practice of calling on reliable schools offering similar programs as those previously offered at the closed school and complete training programs for the closed school's students.

Emulate others (SV 7). Two participants reported emulating other collegiate institutions to be a factor of organizational change and four others did not mention it as a factor. One participant observed that the institution benefited by the leaders' ability to interact with and emulate those in the collegiate sector. In doing so, he was able to influence others favorably:

I recall other private career schools in the early 90's; they simply could not figure out how to develop into a college; for example I asked them, 'How will you determine the admission criteria; and what about cut off scores?'; they simply did not understand the college admissions process ... they couldn't

grasp the concepts ... it's an important point here; [school owners] were bright [and] understood the quantum leap from vocational school to collegiate institution; this is profound to me; the proprietary sector in general does not understand; they were exceptional ... if you don't have somebody who understand what it takes to be a college, you will fail ... the [change goal] is doomed if the leaders don't understand the [collegiate] process and language.

The next response indicated that the leaders developed policies and standards that emulated those of traditional college admissions:

We felt that there should be fair and reasonable admissions entrance tests [in preparing the application to become degree-granting]; but we chose not to admit students who did not have proof of high school diploma or GED unlike community college policies; we thought it was very important to assist those who applied but did not meet these standards by referring them to three certified GED teachers to prepare them to complete the GED certificates; we actually paid these teachers to prep students on our own.

Psychological Benefits

Two out of seven psychological variables that were identified in the literature review were reported to be factors in promoting change and five variables were not reported as factors.

Internalize values (PSV 4). Two participants reported that the leaders' values had been internalized among employees and that this was a factor that influenced change; four others did not mention internalizing values as a factor. The following is one leader's perspective on how values commonly held by individuals in the organization influenced them to commit to new organizational beliefs:

It took about one and one-half years to make the commitment to achieve the change objective; we all marched united toward the objective with the assumption we would achieve a change of mission and status; and ultimately it did work out; it was very challenging; but at the same time, it involved a set of circumstances that allowed tremendous growth for the whole institution; it really was a positive experience for bringing departments together and it helped us examine opportunities that were originally outside of the comfort zone.

The internalization of values influenced staff to assimilate their leader's frame of reference that promised rewards for their endeavors as described below:

Number one, we believed it would be such a great accomplishment if we could do this; then we would really have something to be proud of; if we could get through this we could get through anything; then we could say we did it; then we wondered if in ten years, do we want to offer bachelor's degrees and get Middle States [regional] accreditation; and if so, what would it take?; everybody began thinking along those lines.

Self-worth (PSV 5). Three participants reported an increasing sense of self-worth to be a factor that influenced change and three others did not mention it as a factor. One of the leaders characterized how staff members viewed themselves as having a more positive sense of worth: "I believe they [school owners] perceived the opportunity for TESST to be thought of differently, not just [as] another trade school; they developed a lot of pride in the idea of changing TESST into a college." The other owner had similar observations: "Well, the morale, prestige, satisfaction and personal gratification... everything increased when we became degree-granting; each individual staff member, instructor, director; I really believe all felt better about TESST becoming degree-granting." The following participant described personal views about the possibility of TESST becoming a college:

Now I think that it's always a little more prestigious to work for a college than a private career school; people are proud to say they are working for a college ... it's human nature; society thinks of colleges as being on a higher level than a private career school; some colleges aren't any better than career schools but that's society's ... perception.

Another respondent perceived individual rewards resulting from the organizational change:

I think people saw personal benefits ... they could hope for respect and recognition from the higher education community; the credentials students would have upon graduating from TESST would be more valuable and

recognized in the workforce; we believed this would make a significant difference; how people perceived us as individuals and relationships with those who worked outside of the organization.

In another part of the interview transcripts, the same person revisited the benefit:

I saw people walking and interacting with others with a different sense of pride; it's like saying, 'Well, I work at the University of Maryland' rather than computer institute'; now there's a different aura people have when they say their from the University of Maryland rather than any private career school; that's human nature; that's the best way for me to describe [individual] benefits.

Cultural and Ideological Benefits

All three cultural and ideological variables that were identified in the literature review were reported to be factors in the organizational change.

Institutional identity (CIV 1). Two participants reported institutional identity to be a factor and four others did not mention it as a factor. The following response characterized TESST's institutional identity:

TESST was ... very conservative; students had a dress code; they had to tuck their shirts in and they were held to a 90 percent attendance requirement although it's very hard to hold non-traditional working parents to those standards; now they were allowed to do make-up time ... it was very conservative but the culture was very student-oriented.

The next response indicates that TESST's identity was a collective set of beliefs among individuals:

I was feeling that the mission wouldn't really change, but it would expand the mission; I would still contend that our primary focus was preparing students for employment; this is consistent with views about terminal degree programs; although that had been the original mission before, now the goal was to change the mission in a broader context ... when staff members are asked, 'What does your college do?' it's important to have a good, consistent answer.

Institutional ideologies (CIV 2). One participant reported that individuals shared common ideologies about TESST's leadership which was a factor of

organizational change and five others did not mention it as a factor. The following participant gave some insight into the institutional belief system:

[School owners] were the kind of leaders who displayed loyalty and earned the loyalty of employees; the culture was all about unity and family and doing things ethically; you didn't say something you didn't do...ethics were at the top of the list for all of us working there.

Institutional sagas (CIV 3). Three participants reported that the story of TESST was a factor and three others did not mention it as a factor. Sagas are a form of cultural symbolism evidenced by stories, habits and traditions that are passed down throughout the life of an organization. One response revealed TESST's close-knit culture, customs and relationships which became part of its history or saga:

You know, we would have graduation exercises where we're announcing the students and congratulating them on their success; and [celebrate] people's birthdays ... to us it was like a family at that time ... let's say Christmas or holiday-time; [unnamed] and I were able to gather the entire organization ... we would have holiday parties; and every staff person whether a maintenance worker or part-time clerk [joined in]; we would have a luncheon at 'Martin's West' [banquet facility]; and we would present bonus checks to each person and have them stand up on the stage and shake their hands ... up until the last couple of years when TESST became so large; [then] we really could not do this anymore; when we grew larger in numbers it took more time; an hour and a half to hand out checks; so then the individual campus directors would celebrate their own holiday parties and they would hand out holiday bonuses; but we did this until TESST was sold to Kaplan, Inc.

In another part of the interview, the same participant told a story about the former owner of RETS training school; and in doing so, perpetuated his legacy :

Yes; I think; it was 1956 that RETS started; [unnamed owner] opened that school; there are some other RETS in other states ... well, let's see; we had a; we were also looking to expand our campuses and we contacted the [unnamed owner] of RETS in Baltimore; he was in his 80's getting ready to retire; we had a very good relationship over those years; [although] we were competitors in a sense; but he knew that if he sold the RETS, his baby; he just loved that school ... he wanted to make sure it went to someone who he knew would take care of it and would, you know, make it continue to grow; he ended up selling to us.

Another participant spoke of the legacy the RETS owner left behind for TESST:

[Unnamed], the owner, was in his 80's and had not only founded that location of RETS, but had run it since the 50's until he was ready to ready; [unnamed] had known [the owner] for many years [and] they always kept in touch; at the end of the day, [he] decided to sell RETS to TESST [in 1999].

Other Organizational Benefits Identified in the Interviews

Two organizational benefits that were not identified during the literature review but were reported to be factors of organizational change include: customer service values and increasing market value of institution. These benefits/variables were entered on Table 3 and coded as "other variables" (OV).

Customer service (OV 1). Three participants reported customer service to be an important variable of organizational change and three others did not mention it as a factor. The client driven variable is based on the principle that assumes an organization is providing a product to satisfy consumers in exchange for their returned business. The participants described two kinds of customers that benefit the organization: the student and the employer. As the participant below describes the customer service variable from a "student" perspective:

And the main focus is that we are a for-profit institution; if we don't place our graduates [and] do a good job; they're customers paying money to go to school every day; if you're not doing a good job they're going to quit TESST; therefore, we're going to end up losing revenue; not be able to stay in business; so the only way we win is if the student wins and therefore they're our customer; and the employer is also our customer because they're going to stop coming [to TESST] if they stop wanting our students; [if] we're not [producing] a good product; meaning a good student who's well trained, we're going to be out of business ... if our [student loan] default rates are too high we're going to be out of business; so there was no business that I know of, nor any part of higher education, that really had the pressure that [private career schools] had ... you were forced to do a really good job or go out of business.

In yet another section of the interview transcript, the same person added more insight

on the customer service variable:

In looking at the curriculum, there's no point in having 300 students graduating every quarter and not enough job openings for them; so the idea was ... to be sure that when students graduate from TESST, there would be enough jobs for them to fill; they could pay back their student loans and tell other potential students that they got a job; then student enrollments increase ... that's the only way it works.

In a discussion about the institution's policy on granting tuition refunds to students who were dissatisfied with TESST programs, the following participant stated: "I think that [the tuition] refund policy really helped our reputation and really made a good impression on the education commissions in Virginia and Maryland at that time." This policy served the interests of the students and demonstrated good will on the part of the institution. Another key participant envisioned personal and professional rewards for TESST's "life-long learners":

I would say we knew the reality that a person is unlikely to stay with the same employer for an entire career; but even at an entry level, if a degree is not required; at some point a degree if nothing else would place an employee in an advantageous position; the benefit of just learning for learning's sake provides a big advantage to a student's career.

In another part of the interview transcript, the same person described an *individual* benefit for the student customer:

Even for the students who aren't in the degree programs at TESST, their credentials and transcripts still states they attended a degree-granting college; so their certificates [indicate] they earned the [credential] at TESST College of Technology; and when we call [employers] to place a student in a position, we state, 'TESST College;' [I] realized that students would have many more opportunities once TESST became a college.

Another participant also perceived positive benefits for student customers:

Short term programs allow students to study, get trained and get out in the work force faster; but this also handicaps students and limits their opportunities when it comes to employment [when] a student is seeking a position to sustain him/herself over a lifetime; the higher the degree and the

longer they study, the greater the opportunities.

As for the “employer’s” perspective on customer service, the following participant stressed the importance of meeting employers’ demands for IT degree programs and supplying them with “educated” IT graduates (product):

So that’s how we got to the point where we knew that more and more employers were starting to look for degrees; we knew that our students could really get ahead more in the long run if they had a degree and we were able to; you realize [TESST] was one of the very, very few private career schools that has been able to convert to a private college ... this made [TESST] more valuable to the employers, more valuable to the students, their high school counselors and rehabilitation counselors; because they were now able to place their students in an accredited degree-granting institution. It wasn’t until we actually became degree-granting that we actually realized that TESST had grown more desirable to other corporations.

Increase market value of institution (OV 2). One participant reported an increase in TESST’s market value to be a benefit of the change in its status; however, another individual reported that it was not a factor. Four others did not mention the benefit. The potential for selling a private career school and market value is evidenced by offers from prospective buyers. When an owner is motivated to sell a training school for more than what it cost originally, an increase in market value/profit is the motivating factor.

As noted in the economic factors section above, TESST’s net worth increased between 1998 and 2000 income tax years because of land purchases, land sales and new construction at three locations including the Beltsville, Towson and Alexandria campuses (Hunt & LaPorte, 2000). TESST’s leaders improved TESST’s market value which made it more attractive to prospective buyers such as education corporations.

When asked about the leaders’ individual benefits that seemed most

promising, one participant stated: “Well, clearly for [the school owners] there was a financial incentive; that’s what they do for a living.” An opposite view was taken by a key participant who reported that although the rewards from a lucrative sale were always present, the benefit did not ultimately influence organizational change:

TESST became known for acquiring two other well known private career schools, Arundel Institute of Technology and RETS; and now we had campuses on both sides of the Washington and Baltimore beltways; that’s why we opened the Towson and RETS campuses; so that we had ITT, Kaplan, Inc. and three or four other big education corporations interested in acquiring TESST; because we had captured the Baltimore/Washington market, they wanted to come in and acquire TESST ... I use the word more ‘valuable’ as a way to make TESST, the institution, be seen as more valuable to prospective buyers; but that happened at the end of the road and was not the main reason for becoming degree-granting ... it wasn’t until we actually became degree granting that we actually realized that TESST had grown more desirable to other corporations.

Organizational Benefits Not Identified in the Interviews

Eight out of 33 organizational benefits that were found in the literature review were not indicated as factors during the interviews: enlarging endowments (EV 3), attracting scholarly students (SV 2), prominence (SV 6), esprit de corps (PSV 1), group cohesion (PSV 2), compliance (PSV 3), trust (PSV 6) and morale (PSV 7). These findings are further discussed in Chapter 5.

Individual Benefits

The participants were asked to discuss benefits they perceived for themselves when they first learned about the organizational change initiative.

Economic Benefits

Two out of eight economic variables that were identified in the literature review were reported to be factors in the organizational change.

Increase salary (EV 1). Two participants reported the potential for salary

increases were a factor in making the change in TESST's status. One reported that increased salary was not an individual motivating factor: "It was a great place to work even though TESST didn't pay real well; TESST was a small corporation and had limited resources." Later in the interview, the same participant stated:

Actually, here's what happened; it's a funny story; Kaplan tried to buy TESST two years before we applied for degree-granting; [school owners] were very close to selling the school; [unnamed] said he looked at himself one morning in the mirror and felt he couldn't go through with it; I'm not ready to give my schools up; at the time they hadn't acquired RETS ... so [unnamed] called the other owner and [unnamed] said, 'I'm not ready to sell either, I'm so glad you're feeling the same way'; they were probably thinking of selling because they were getting bored and not challenged anymore.; they said, 'If we're going to stay with TESST schools we will grow and go to the next level' ... that's what I observed; so we started the [organizational change] process.

One of TESST's owners stated that he was not personally motivated to change the institution's status in order to increase personal wealth:

Money was not the main reason; I was with TESST for 28 years and asked myself, 'What's next?'; [unnamed] and I never set out to change the institution into degree-granting for monetary reasons; we wanted this for TESST; it wasn't until [after] TESST became degree-granting we realized that TESST had grown more desirable to other corporations.

In another section of the interview transcript, the same person revealed that increased salary or wealth was not a factor of organizational change:

All of a sudden, no matter what the rewards are in selling your business, there could be a whole lot missing ... particularly if you're the president of the school and you've sort of been there the whole time and you say, 'This is great [and it's] really the right time to sell the business'; and what are you going to do to make up for the fact that when you own a school and have 1800 students and 350 employees saying [to me]: 'Hi Mr. [unnamed] how ya' doing today; good to see you'; you know we would have graduation exercises where we're announcing the students and congratulating them on their success, and people's birthdays.

A different perspective about other individuals in the organization was offered by one of the participants:

Anytime an organization is growing, people see more opportunities for themselves such as better salaries and benefits; some thought they would make more financial rewards if TESST became a college; most people in education are not as motivated by financial rewards; there was a lot of excitement about the possibility of new professional opportunities the change could mean to them in the future.

Increase profits from student tuition (EV4). Two participants reported the potential for increased profits to be a factor and four others did not report it as a factor. One person reported: “One of the things that affect the proprietary sector is the revenue; the larger the enrollment, the larger the revenue; this is something that drove [school owners]; it can make a difference in the stability of a school.”

The following statement describes how one participant reconciled his values concerning the profit-making side of the industry early on in his career:

I mean this goes back my [many] years of working [in the industry]; didn't think it was [right at first]; sort of; either the right thing to do with education and make a profit on it; and if you think about how we [for-profit sector] compete for financial resources and students and all; but that was [how I thought back] then ... we [private career schools] have a lot more incentive to do a good job and turn a profit, truthfully, than some other sectors do.

Political Benefits

One out of the six political variables that were identified in the literature review was reported to be a factor of organizational change.

Power and influence (PV 4). One participant reported political benefits to be a factor and four others did not mention the benefit. The following individual perceived the Governor's acknowledgement as an important political factor because of the Governor's ability to invoke power and authority:

I was invited to attend an opening ground-breaking ceremony by the Governor's staff and the Governor [Glendening] was there; and as he was thanking representatives [from] Johns Hopkins and other prestigious institutions, he [announced], 'I'm really glad to see [participant's name] from

TESST and we really appreciate you being a part of this [ceremony]’.

Social Benefits

One out of the seven social variables that were identified in the literature review was reported to be a factor in the change of TESST’s mission.

Enhance stature (SV 1). Three participants reported that enhanced institutional stature from the mission change would benefit them but three others did not mention it as a factor. One participant was asked about the benefits individuals perceived for themselves from the change in mission and stated: “And prestige too; absolutely; prestige of granting college degrees was an important factor; proprietary schools often think of themselves as ‘step children’ to colleges and universities.”

Another participant provided a similar response: “Status and prestige; they developed a sense of pride knowing that TESST had a chance to become the first private career school in decades that gained degree-granting status from MHEC.” One participant readily stated that personal benefits seemed most promising: “It was prestige and status.”

Psychological Benefits

Five out of the seven psychological benefits that were identified in the literature review were reported to be factors influencing the organizational change.

Esprit de corps (PSV 1). One participant reported increased *esprit de corps* to be a factor and six others did not. On the subject of participating on the Governor’s Workforce Investment Board and the Governor’s Education Roundtable, one participant described experiencing a sense of camaraderie and satisfaction:

Yea, [getting to know] all of them; and I would be in there sort of representing career [and] technology education; but at the same time it was nice that it kind

of went beyond that after we got to know each other; and it didn't take very long; it didn't really matter what sector you were with; you were all there working on the same issues and trying to resolve them just as individuals; so it wasn't anymore really that I was representing career education; they asked me, 'Well what do you think we should do about this issue'; it might be to work on unemployment ... so that was really exciting for me and I enjoyed it and I got really good feedback afterwards; and I was like, 'Well here I am you know; a guy graduating ... with a bachelors degree sitting around in the middle of all these presidents of traditional colleges exchanging ideas; there was no other field that I could imagine enjoying more than career education.

Group cohesion (PSV 2). Two participants reported increased group cohesion to be a factor and four others did not mention it as a factor. One participant provided personal insight on benefits envisioned as a result of change:

When I look back, the leadership of [school owners] and the commitments they made; they were smart enough to realize that you develop school ownership by giving people responsibilities; so they sat down and brought in one consultant [who] worked with us but we did the legwork; by doing the work ourselves we had an opportunity to play a role in the whole process; we also saw benefits and knew we would reap the rewards and have a sense of satisfaction once it was all done.

Another response revealed one's view about working with a cohesive management team during stressful times:

Some of the people who were around back then [during the move]; we often say ... 'we practically lived at the school'; sometimes we stayed until 10:00 p.m. weeknights and were there on weekends [moving in]; we set up computer labs, tutoring, offering special programs; so it was very exciting.

Self-worth (PSV 5). One participant reported increased self-worth to be a factor that influenced change and five others did not mention it as a factor. The following response reveals the power and influence that the self-worth variable had on individuals in the organization:

But then when the instructors heard about the change they were frightened thinking they would all be fired and TESST would hire only those with master's degrees; they said, 'Don't you think we're good enough anymore?' ... even [unnamed] who chaired the technical programs struggled a bit

because he had no degree; he was a true blue-collar guy and developed an inferiority complex; we had to guide them through the regulations and help them realize that since TESST would only be offering associate degrees, they wouldn't all need master's degrees and they would still be able to teach; but we informed them that they would need to get their degrees; they were promised help with tuition to get their degrees; after awhile, they decided it was a good thing; trepidation is pretty common with change.

In another part of the interview transcripts, the same individual stated:

Again, it was a slow evolution and by becoming a college, it made us all want to be better; in other words, 'I work for a college now so I need to be better and improve myself'; I finally ended up having five instructors get their bachelor's degrees; and a couple of staff members like one who works for me now; she wanted to be the director of education; that's when [unnamed] at TESST advised her to get her degrees; she ended up with a bachelor's and three master degrees; I watched her go from someone who had no degrees to someone highly educated; she is still taking courses.

Trust (PSV 6). Two participants reported that increasing levels of trust in the integrity of the institution to be a factor but four others did not mention this factor.

One participant described how his attitude toward private career schools changed for the better because of TESST's leadership:

By and large I had good reason not to trust proprietary schools ... there were so many charlatans; but TESST was always an exception to the rule in the proprietary sector; they were good folk; [school owners] were solid individuals; TESST always tried to do a good job ... [unnamed MHEC-PCS director] and I always believed TESST was unusual; they certainly were the best run private career school in the State of Maryland; and because of my negative attitude toward the sector I was amazed by TESST.

Another participant characterized perceptions about the leaders' honesty and integrity:

Ethics were very important to all of us working for TESST ... I had just been hired by TESST after working for a private career school that lost its financial aid program because the school owners were convicted of tax evasion; there are horror stories to tell; so it was a dream to work for TESST ... when TESST had an IRS audit the feds couldn't find one irregularity; that's just how the two [school owners] worked.

Morale (PSV 7). Two participants reported increased morale to be a factor of organizational change and four others did not report the benefit. Individuals reported feelings associated with positive morale such as essentiality, inclusiveness, belonging and a sense of importance. The benefits were characterized in the following comments:

I think people saw benefits; but at the same time they saw the benefits of being able to say, 'I work at TESST College' versus saying, 'I work at TESST career school'; I remember the day they brought the [new TESST College] logos in; [school owners] had some company design different logos; and then they asked us what we thought about the logos and asked for suggestions; each of us had a say so about each aspect of change; even down to renaming the school; we developed a sense of school ownership through this process.

One school owner observed the following: "I think personal satisfaction, personal growth and feeling good about your self was most important; [my partner] and I asked others to be on boards at MHEC and committees that they weren't included in before."

Cultural and Ideological Benefits

One out of the three cultural/ideological benefits that were identified during the literature review was reported to be a factor influencing organizational change.

Individual ideologies (CIV 1). Two participants reported managerial ideologies to be a factor making the change a success but four others did not report on this benefit. The following exemplifies one of the owner's managerial ideologies which influenced planning strategies and organizational change:

One of the big differences in my view, never having worked in a traditional college is that we operated more as a business enterprise; we were certainly in an industry not known for collegiality; we didn't have a so-called faculty senate or any unions; basically we operated in the sense that it was a top-down organization; however, there are a number of ways to operate in this way; one can operate in an environment as a "dictator" or try to operate with open

communication; also, asking for and receiving feedback and then setting forth a doable vision that includes the parties that need to be included; we reinforced throughout the process, the planning structure we set up; in this instance it worked well; if I had a complicated long-term objective, I would go about it in the same way as we did with TESST; and I would try to get a lot of people involved; that turned out to be favorable; early on [unnamed] and I figured that no matter how it turned out, the journey involved in achieving the goal was as important as the outcome ... although we certainly were excited about the possibility and hoped it would happen, we knew there would be an opportunity for the organization to become better if we tried to achieve the goal in the right manner; no matter how it turned out.

In a similar discussion about personal philosophies, the other owner revealed how his own ideologies influenced organizational change at TESST:

I just want to say something about success; the idea of success and what success really means personally; like I told my son long ago, 'You can be successful by making a whole lot of money'; let's say the goal is to make a large profit but you take short cuts and take advantage of people; and don't always make good decisions; and it's possible to sometimes still be profitable in jewelry business, car dealerships, private career schools or any kind of business; and people think, 'Look at how successful that guy is [and] look at the car he drives'; but you have to be able to follow the rules; to do things the right and legal way; if you break those rules as I told my son, then you're not really successful; you know inside you've cheated; if you go by the rules whether it's paying taxes and making a decision when someone is complaining, you look at both sides of the issue and know for certain you are making the right decision; and in spite of doing this, it's still possible to make a profit and be successful; then you can believe yourself as successful in achieving goals without regret; always take the high road; so when [unnamed] and I started a new company after selling TESST, we named it 'High Road, LLC' because we always took the high road; so that's the story; it's easy to cheat and get ahead; but you really know inside that you got there by cheating and never know for sure if you were good enough to achieve success in the right way; it's better to earn respect from others and self-respect if you do it the right way.

One participant commented on the owner's leadership style and beliefs as follows:

[The owners] treated us all as equals and tried to do things in a way that wouldn't show favoritism; one of the things I applaud them on is management style; they never pitted groups, the programs or the school directors against one another; they did not see any benefit in operating that way.

Individual Benefits Not Identified in the Interviews

A total of 23 out of the 33 individual benefits that were identified in the literature review were not mentioned by those interviewed as individual benefits: building alumni funds (EV 2); enlarging endowments (EV 3); increasing federal and state funds (EV 5); adding new programs (EV 6); building new facilities (EV 7); acquiring new technologies (EV 8); accessing student markets (HR 1); improving faculty and staff (HR 2); pursuing political agendas (PV 1); affiliating with esteemed organizations (PV 2); acquiring visibility (PV 3); acquiring independence (PV 5); accessing inner circles (PV 6); attracting scholarly students (SV 2); engaging in upward striving (SV 3); social leveraging (SV 4); gaining legitimacy (SV 5); achieving prominence (SV 6); emulating others (SV 7); seeking compliance (PSV 3); internalizing values (PSV 4); conforming to ideologies (CIV 2); and building on sagas (CIV 3). The interviews did not elicit responses concerning these variables. This finding is discussed in Chapter 5.

Summary

Two kinds of forces were identified in the study: external trends and internal factors. Three out of six possible external trends were identified as factors that influenced individuals at TESST: economic, human resource and political. The three external trends were not identified as external factors include: social, psychological and cultural/ideological values.

The organization's internal circumstances, that occurred prior to the decision to change TESST's mission and status, centered on these six areas: economic, human resource, political, social, psychological and cultural/ideological. Together, the

external trends and internal circumstances drew the attention of key individuals at TESST.

Table 3 below illustrates how each of the six participants (coded A – F) reported on variables during the interview sessions. The responses regarding each variable were entered on the table according to one of three categories: (1) reported to be a factor of change, (2) reported not to be a factor, and (3) did not mention in the interview:

Table 3. Variables Identified

SUB-VARIABLES		RESPONDENTS						TOTAL RESPONSES		
		A	B	C	D	E	F	1 reported to be a factor	2 reported to not be a factor	3 not mentioned
1	EV 1 Increase salary	2	2	3	1	1	1	3	2	1
2	EV 2 Build alumni funds	3	3	2	3	3	3	0	1	5
3	EV 3 Enlarge endowments	3	3	3	3	3	3	0	0	6
4	EV 4 Increase tuition	1	1	3	3	1	3	3	0	3
5	EV 5 Federal & State funds	1	3	3	3	1	1	3	0	3
6	EV 6 Add new programs	3	3	1	1	3	3	2	0	4
7	EV 7 Add new facilities	1	3	3	1	3	3	2	0	4
8	EV 8 Add new technologies	3	1	1	1	3	3	3	0	3
9	HR 1 Access student market	3	3	3	1	1	3	2	0	4
10	HR 2 Improve faculty & staff	1	1	1	1	3	3	4	0	2
11	PV 1 Pursue political agenda	1	1	3	1	3	1	4	0	3
12	PV 2 Affiliate with esteemed orgs.	1	3	3	1	3	1	3	0	3
13	PV 3 Acquire institutional visibility	1	3	1	3	3	3	2	0	4
14	PV 4 Power & influence	1	3	3	3	3	1	2	0	4
15	PV 5 Institutional independence	1	3	1	1	3	1	4	0	2
16	PV 6 Access inner circles	1	1	3	3	3	3	2	0	4
17	SV 1 Improve institutional stature	1	1	1	1	3	1	5	0	1
18	SV 2 Attract scholarly students	3	3	3	3	3	3	0	0	6
19	SV 3 Upward striving	1	1	3	1	1	1	5	0	1
20	SV 4 Social leveraging	3	1	1	1	3	3	3	0	3
21	SV 5 Gaining legitimacy	1	1	1	3	3	3	3	0	3
22	SV 6 Achieving prominence	3	3	3	3	3	3	0	0	6
23	SV 7 Emulating others	1	3	3	3	3	1	2	0	4
24	PSV 1 <i>Esprit de corps</i>	1	3	3	3	3	3	1	0	5
25	PSV 2 Group cohesion	3	3	3	1	1	3	2	0	4
26	PSV 3 Compliance	3	3	3	3	3	3	0	0	6
27	PSV 4 Internalize	3	1	1	3	3	3	2	0	4
28	PSV 5 Self-worth	3	1	3	3	1	1	3	0	3
29	PSV 6 Trust	3	1	3	3	3	1	2	0	4
30	PSV 7 Morale	1	3	1	3	1	3	3	0	3
31	CIV 1 Institutional identity	3	1	1	3	3	3	2	0	4
32	CIV 2 Institutional ideologies	1	3	1	3	1	3	3	0	3
33	CIV 3 Institutional sagas	1	1	1	3	3	3	3	0	3
34	OV 1 Customer service	1	3	1	3	1	3	3	0	3
35	OV 2 Increase market value	2	3	3	3	3	1	1	1	4

Most influential variable = Potential variable = Least effective variable =

Column (1), under total responses, identifies the number of interviewees who mentioned a variables as a factor in the change. The variables that were mentioned by four or five participants are those coded pink. Column (2) identifies three “potential” variables (coded yellow) that one or two participants reported not to be a factor of change. The far right column (3) reveals the variables (coded blue) that five or six interviewees did not mention or rarely mentioned during the interview sessions. Out of 33 variables that were identified in the literature review, four were never mentioned during the interviews: enlarging endowments, attracting scholarly students, achieving prominence and seeking compliance.

The table illustrates that a total of 31 change variables were reported by at least one respondent. In all, 29 out of 33 variables that were first identified in the literature review were reported by those interviewed to be factors that influenced organizational change. Additionally, two sub-variables in bold black text were not identified during the literature review but were mentioned during the interviews. These findings are discussed in greater detail in Chapter 5.

Change Process

The change process at TESST can be characterized by the following features: 1) time frame; 2) participants and extent of participation; 3) principal activities; 4) nature and extent of communication process; 5) helpful features of the process and 6) unhelpful features.

Time frame

A timeline was constructed from the interview transcripts, institutional documents and Maryland Higher Education Commission (MHEC) records for the

purpose of understanding the change processes that took place between 1998 and 2001. The table in Appendix D provides the time table for this study.

In TESST's early organizational years the schools' two owners were focused on building a solid financial and programmatic foundation. After acquiring a healthy but stable flow of income for the institution, the owners began exploring the possibility of expanding their student market, adding more campuses and developing new programs. By spring of 1998 the owners shifted their focus to the idea of changing TESST's mission to degree-granting status. The following response is one of the owner's descriptions of how the idea to change TESST's mission and status emerged:

I don't remember the exact time the idea occurred but it was always something we considered; we always thought that if Capitol College¹ could do it so could TESST one day; no one other than [my partner] and I thought of the idea ... we both did ... it was the both of us who said, 'What can we do with what we have here and go to the next level?' ... so we said, 'Well here we are; let's go ahead and go for it' ... we sat down together and said, 'Okay, we think we can do this, let's bring in the [education directors] and our school directors; and let's let them know we want to do this [and] then get their feedback before we move to another step'; we did not tell anyone else until we knew these key people were on board; so that's how it started.

Another participant described certain events that were taking place about the time the owners made the decision to pursue organizational change: "There were eight years in which the [owners] laid back and thought about a transition; but the boom in the IT [industry] also coincided with their decision to change TESST to a college."

One owner revealed that organizational change was strategically incorporated

¹ It should be noted that Capitol College is located in Laurel, Maryland and was founded in 1927 as Capitol Radio Engineering Institute (CREI); CREI was a non-profit private career school which offered electronics courses via correspondence; in 1954, the former Maryland State Board of Higher Education approved the school to become a college and grant associate degrees; CREI was renamed Capitol College; and in 1965, the college was approved to grant bachelor's degrees in engineering technology (MHEC file; Capitol College Catalog 2007-2008).

into TESST's program development plans:

When we were considering developing IT programs at TESST, [my partner and I] discussed the expectation that one day we would pursue degree-granting status; so it seemed important to fold this concept into the equation while forming the new program ... so we felt that in our own evolution as a postsecondary institution, organizationally TESST had built an infrastructure and expertise that we could bring to bear in the [change] process; [we knew] TESST could be competent and able to deliver quality degree programs once we gained MHEC approval; this seemed a natural next step in growing as an institution.

When asked how staff members first heard about the owners' decision to change TESST's mission, the participant stated:

It took the [owners'] wealth of experience and research before any of us were made aware of their [organizational change] goal; and then once they let us know they were committed to providing the capital to make this happen like faculty salaries, advertising, application fees to Accrediting Commission of Career Schools and Colleges of Technology.

Another participant also recalled how the owners arrived at their decision to change TESST as follows:

You don't just wake up one day and say, 'Oh, let's become a college.' I think it was [unnamed owner] who said he came to realize the only reason he wanted to sell was because he hadn't done anything new recently; the [other owner], being [who he is] reviewed the COMAR regulations and responded, 'Yes, we can become degree-granting and this is how we will do it.'

One person remembered being surprised upon learning the owners' decision:

All I know is that the [school owners] called me up one day and said, 'Would you help us and consult so we can apply to become a college?'; I had no idea before that phone call ... the [owners] called me up and asked me to help them to transform TESST school into a College; I said, 'Sure' ... this was a no-brainer; but I was particularly interested because I liked the fellows; there were other proprietary schools trying to hire me as a consultant ... I was surprised and thought it a neat idea.; I had never done this kind of consulting before ... I was doing all kinds of projects for [a national organization] at the time; I told [TESST's owners] I would love to help [as a consultant]; so I wrote up contracts [and] we came to an agreement; and then I met with them; so that's how I first learned they want to change TESST into a college ... another charlatan [private career school owner] came along and wanted to pay

me a lot of money but I declined; bottom line is when the [TESST owners] called me I was delighted; [they] are good decent people.

According to the participants in this study, the owners were tight-lipped about their goal until the day they announced their decision to their top managers. The following individual spoke about the meeting in which the announcement was made:

I'm sure I was there when the [owners] announced it; in fact, I never heard anything about it until the day all of us [directors] met together; we all heard at the same time. ... none of us really knew what to think at first ... so going from being a private career school to being a college; we saw an opportunity but a challenge at the same time ... and so we knew we had to demonstrate to the Commission that we were ready to take on this responsibility.

As one participant commented, the owners held the vision in the back of their minds, until they made the decision to “move to the next step” and change TESST’s mission:

The [owners] had a lot of private meetings before hand but I was there when they introduced the idea and announced that TESST was going to seek approval to operate as a college; I don't think anyone knew of this until we all were gathered as one group; they were very private in their decision-making; they believed that the campus morale needed to be protected and were cognizant that gossip about change might impact people's job performance; they didn't want to build anyone's hopes either until they were ready to commit resources; it was a huge resource commitment; for example, once we were approved by MHEC [to offer degree programs], we had to change all of the signage and letterhead and business cards; it's something one doesn't think about until it's time; this was a huge deal; they had to be financially prepared to do this; it took years before the [owners] saw the return of their hard work and investments.

The following is a recollection of how the owners introduced the idea to change TESST:

The senior management team consisted of [the owners], the three campus school directors, the education directors and the director of admissions/marketing ... we started talking about the idea informally but then the idea was presented at a retreat for discussion; we all voted for the change and agreed that although it would be a lot of work, we supported the initiative.

Another participant remembered the meeting in which the announcement was made:

Two [unnamed directors] were there when they announced their decision; [one of them] is in Boulder now; [a third unnamed director] was there ... [three more unnamed individuals] were also present; I'd say 12 of us attended the meeting in all; that was the core senior management group; [the consultant] was there to introduce himself.

Participants and Extent of Participation

The institutional documents, MHEC records and interview transcripts indicated that the owners led the change initiative and 12 senior managers (education and marketing directors) took part in the change process in addition to an outside consultant. This study regards the managers as "key players" because they had the significant capability of influencing the organizational change processes at TESST.

When asked who led the initiative, one owner stated the following:

I would have to say that I was the one who was most involved although there were a number of people involved; if you want to identify the most important leader internally, I was the one; externally, I'd say it was [my partner]; [he] was much more engaged institutionally at an external capacity; in summary, the leaders were [unnamed] externally and me internally.

The other owner also responded with insights about leadership:

[My partner and I] bounced the idea around with the [senior managers] and they said, 'Well that's a good idea but how do we do this?'; so then we started assigning tasks particularly when we began completing the MHEC application; we held a lot of meetings to assign responsibilities; [my partner] would take some [and] I'd take some and we'd say, '[unnamed director], you need to do this or that'; we distributed the responsibilities around; but everyone from the beginning was on board; truthfully I really believe they thought we could do this if anyone can.

The following response describes the senior managers' perspective of the owners:

The two are very different; one [school owner] is a salesman by nature; the other [owner] is the one who can be trusted to put the infrastructure in place to support [his partner's] vision; they complimented one another; [one] was inspirational and the [other one] was trustworthy.

Another response provides a similar view of how the school owners complimented

each other's style of leading the change initiative:

The [owners] make a good team; [one] is the dreamer and [the other] is the planner; [unnamed] has the ability to form a long-term vision; he knows how we can change and grow and do things differently; [unnamed] is more like, 'This is how we are going to do it, this is how we are going to pay for it, and this is how we will make it work'; even after they sold the school [to Kaplan, Inc. in 2002] the two went on to other ventures together in real estate ... probably [unnamed] was the leader but [the other] chaired a lot of committees; but one was the driving force; the detail guy; if you meet the two of them one appears more of an academic type; he looks like a professor and he is more serious; and the other is more outgoing.

The consultant was charged with specific duties as part of the change team:

The [consultant] focused on the MHEC application and coached many of the pieces we wrote; he guided us in the type of evidence and documents it would take to meet MHEC approval and the language; he emphasized strategic surveys and other data to support our claim that the program was needed.

Rather than taking on the initiative single handedly, the owners selected a core work group of managers they had personally trained years earlier. They also contracted a former member of MHEC they trusted. The consultant was knowledgeable about the private career school sector, politically savvy, and knowledgeable about State regulations and the MHEC application process.

Principal Activities

The key players took on certain tasks that called for communicating and influencing the organizational change goal. The activities called for social networking, meetings and associating with other individuals capable of influencing the change process. The following is a key participant's perspective on how the owners divvied up tasks among the senior managers:

When the [owners] gave us the vision, we each took on a piece of the work to get us there; so if my piece was researching and talking to employers, someone else would need to focus on MHEC's [regulation on] library requirements; each person on the senior management team had different tasks

even though it might not match to one's job description *per se*; they divided up 25 tasks that needed to be done and they assigned each person a task; each of us senior managers had a subgroup of employees to call on to help us complete the task.

One owner provided his leadership perspective on the process and described the participants' activities:

Well [my partner] and I would basically set the agenda [for each meeting] and decide ahead of time how we would [proceed]; then [when we met with the managers] we would go down the list of what has been done and who needs to do what and then schedule another meeting; at each meeting we would recap and report on our areas; we would exchange ideas to help each other over any stumbling blocks; if someone was having trouble getting information someone else might say, 'Well you need to delegate that task to another person, you're too busy with everything else'; the process kept evolving until we checked off each task; then we would lay out the sections of the key players at each meeting.

The same person described how the owners proceeded to embark on the communication aspect of the change process:

I was able to be more visible as [TESST's] president [and] more than [my partner] ... [he] began joining more education type committees ... where I might be on committees, advisory committees; on career education as a whole; so together we covered a lot of areas at the time ... because I had been with TESST the longest; uh, and maybe because I was president of the school; it [was] easier; but he and I worked equally hard in building connections; he is a very good speaker with educators and politicians; he's very bright; graduated top of his class; and we had this great relationship.

The other owner recalled the research process that pertained to the provisions of MHEC regulations and application requirements:

We asked [ourselves], 'What kind of resources do we need to provide to college students who are not purely career-oriented such as library resources?'; we reviewed [TESST's] library resources in conjunction with the MHEC COMAR regs [regulations], Veteran Affairs regs and accreditation requirements; we studied our options and ended up focusing on online library resources rather than adding bricks and mortar; I made sure that the appropriate resources would be available so that physical science students, for example, had information that could assist them [in their studies]; some scheduling and facility issues also needed addressing.

According to the same individual, the senior managers tapped state, federal and accreditation organizations for information:

As a process, we gathered mission statements from institutions that closely aligned with the proposed college mission; we took a look at the kinds of issues their missions addressed; we studied the regulations with respect to the minimum requirements for mission statements of two-year degree-granting institutions set in MHEC regulations; we surveyed the accreditation association regulations and, at the same time, we reviewed the Veteran's Affairs regulations even though we weren't engaged in the Veteran's Affairs application process at the time; for each program, we consulted an advisory group within the organization to find out if the changes [we proposed] would change the mission of TESST ... meetings were convened with the advisory groups; the information would then bubble up to the Trustees; we met with senior management staff who also reviewed the application documents; this ensured that all the folks in the organization at least had an opportunity to give input on the new mission statement.

The same person spoke about the networking process and how the owners communicated their change goal to state politicians, policy-makers and higher education officials:

[My partner] served on Governor Glendening's Workforce Investment Board [GWIB]; [he] served on the Governor's transition team; although we were both involved in leading the initiative at MHEC, [he] was our external person; I would go along for some of the meetings but he had a couple of meetings with the former MHEC Secretary Karen Johnson; we started some conversations initially with the previous Secretary Pat Florestano; she was not opposed to the idea but it seemed that when Karen got to know us, she was even more supportive; again, going forward; no one was giving us a free pass on the deal nor should they; but there was some encouragement [from MHEC].

One of the former senior managers commented on the distribution of the workload:

“So [the owners] sat down [with all of us directors] and [the owners] brought in one consultant; [unnamed] worked with us but we did the legwork ... I've heard of other organizations where they bring in several outside consultants; consultants do all the work and they end up becoming nothing but mouthpieces ... but [the owners] allowed us to do the work; we also worked besides our everyday jobs of running TESST school; I think this is what generated enthusiasm among people ... we all had a say so.

The response below also details the consultant's contribution to the change process:

The [consultant] was very good ... he hadn't [retired] from MHEC that long before we started [the application process] so he could give us pointers; he did a lot of the proof reading; so he really was a very big help while going through that process.

The former consultant described his principal tasks and the school owners' expectations as follows:

First of all, stage one and stage two [of the MHEC application] had to be properly written; the [school owners] were assiduous in making sure that every 'i' was dotted and 't' was crossed; there are COMAR regulations that make it very clear what needs to be done during the two stages ... the [owners] had to make sure that the application was flawless and justified ... hard data; we put together the qualitative with quantitative data and this was a formula for success; they also ensured they followed every aspect of the statutes and regs; the data is more support than anything else; without political support and if you have opposition, you still have a chance at succeeding with hard data; I also presented to the executive staff at TESST the various components of the application process; the two [owners] divvied up the tasks among the directors; remember, I was one of the MHEC people who had actually written the private career school regulations as well as the degree-granting institution regs; so they were careful to pick me to do the consulting; I would meet with the [owners] on a pretty regular basis and review the things that needed to be done and the kind of data that needed to be collected; it was important to show why TESST should become a college.

Nature and Extent of Communication Process

Although the organization was designed as a corporate top-down structure, the owners followed a team (or semi-collegial) approach. This orientation was evidenced by the involvement of the senior managers whom they had groomed years earlier.

The following response is an owner's view of the group's participatory communication processes:

Internally, we talked about the idea actively for over a year; there was a lot of discussion about becoming a college both internally and externally ... I would say many different kinds of processes were required; certainly informal and many, many formal meetings; as I mentioned earlier, there were some very

broad issues that needed to be addressed early on; we started talking to people and asking ourselves, 'How do we begin changing into a college?'; lots of discussions focused on this question; we had a senior management team consisting of campus directors who would oversee each campus, education directors who would oversee the various program areas, a marketing/advertising director; and we had nine or 10 senior management people; [my partner] and I held meetings that started with a formal agenda no less than once a month; some of those senior managers had education responsibilities for their areas and others had campus location responsibilities; and each had their own hierarchy and team meetings; so the process was both formal and informal.

One participant acknowledged the owners' efforts to employ a collaborative process:

They never said, 'Hey, today we are going [to become] degree-granting and this is your assignment'; we all talked about [becoming a college] and came to a consensus; once we all [owners and senior management] made that decision [together], we set up monthly meetings and worked on committees; and everyone had an assignment ... the [owners] always gave us a sense of ownership in the decisions; the idea wasn't just a top-down announcement one day; they made sure we were all together in knowing what we were going to do.

Other interactive processes were employed which benefited the change initiative as one participant described below:

A board of trustees was formed; they represented different areas such as finance and academics; various members of the advisory boards at [TESST's] individual campuses also were supportive and provided feedback from employers; we [gathered] testimonials and kept minutes of meetings to document the need for the degree programs; we also drew lots of support from employers; the business community in general was very supportive; I remember hundreds of employer surveys that proved that the program was needed; there was very much community support too.

The following response is an owner's description of the extent of involvement of one member from the board of trustees:

We had a person in the organization who had a background as a community college instructor and community college administrator or manager, management experience; she joined the board of trustees and co-led the group that was charged with writing the proposal to change TESST to a degree-granting college; although I sat in on those meetings, I did not lead the group.

The key players gathered frequently to mull over information at formal meetings within the organization as described below:

We would gather at the monthly meeting and report on where we were; everyone had a deadline and had to do research projects to do or whatever you had to do and turned them in; the [consultant] would be gathering information and research; so we had constant meetings; we had meetings with the advisory boards ... it was a very long process; when I look back it never seemed that overwhelming because everyone had their own piece; not that they didn't help each other; but it wasn't like, 'I'm responsible for the entire application'; everything was planned out long-range; everyone knew what each person was doing but you had your piece you were working on; when finished, you would pick up another piece ... [us directors] had our assignments [but] we also knew that our staff [of instructors] needed to be on board, trained and understand what was going to happen; then of course we had to have a MHEC team visit so each of us had an assignment as well.

The following response described the internal flow of communication and how the key players influenced their faculty units to join the change process:

I gathered my managers [faculty leaders] and explained the steps we were about to undertake; I explained some of the challenges that would probably take place but also discussed the benefits we would see; so I gathered their support and set about assigning tasks in order to get their buy in; I took the same approach that [the owners] modeled for us; I solicited my managers' input in order to get them on board and to build a sense of ownership; they became a part of everything; as we started to do things I shared everything with them; [when] Beltsville became the main corporate office for TESST, my office was [situated] just down the hall from [the owners]; I brought my managers to the main campus for meetings to give them updates on how we were progressing.

The senior managers extended their efforts to other levels inside and outside of the organization as indicated in the following participant's response:

Just like we all had our assignments to get the application out, we also knew that our [own faculty units] needed to be on board, trained and made to understand what was going to happen; then of course, we had to have a MHEC team visit so each of us had an assignment as well; when that was over, we had to prepare for the accreditation visit which meant we basically had to go through the whole process again; but once we had state approval, the process was shorter; the accreditation team checked all our documents and made sure all the curriculum requirements were in place; once we knew we

made it past the MHEC approval stage, we forged ahead with the [accreditation association's] application to become degree-granting; but once we knew we were approved by MHEC, we waited for the letter from the secretary of higher education and forwarded it to ACCSCT [accreditation association]; then came training and hiring teachers; in the meantime, we were writing the curriculums all along; we did bring on board a general education curriculum specialist who helped us build the general education courses [for the degree requirements].

Another key participant described the extent to which the senior managers interacted with other areas in the organization:

Although electronics was not my area [of responsibility] I was still pulled into many [electronics curriculum] meetings; the other type of meetings focused on the general education requirements and course levels and how to address developmental or remedial student needs; it took about six months to achieve consensus [and] develop a common understanding and a campus dynamic on how to deal with degree-seeking students; it was a totally different way of thinking so we all had to make adjustments.

The consultant described how he facilitated the communication process between TESST and MHEC:

[The] stage I application took time to develop ... I wrote every word of stage I and II of the application process; I was highly involved in this way; this is what I was hired to do; ... what I mean is that I worked behind the scenes; some people knew that I was TESST's consultant but I was not publicly involved; I wrote the letters and everything; of course, I was still friends with [MHEC's Assistant Secretary and Director of Private Career Schools]; I would see them occasionally but never went to MHEC to lobby on TESST's behalf; first of all [TESST's owners] were very personable people and persuasive ... and so they did not need me in that respect.

Helpful Features of the Process

The participants in the study repeatedly reflected on the tone the school owners set for the initiative and the owners' leadership abilities helpful to the change process. When asked for views about the strengths of the change process, a former director explains as follows:

What's the best way [to pursue organizational change]?; getting people involved and giving them responsibility; if you leave people feeling like outsiders they will never have a sense of ownership of what's going on ... when we changed to a college it was because we gained their 'buy-in'; I believe in making decisions by committee or consensus and not managing by walking around; you get input from other folks and let them have a say so; and then at the end give them credit for what was achieved; that's what we did and this is what worked the best.

The response below revealed that by building confidence among employees, leaders are more capable of influencing change:

We trusted that [the school owners] would never expect us to work on some bizarre initiative; they always gave us a sense of school ownership in their decisions; the idea wasn't just a top-down announcement one day; they made sure we were all together in knowing what we were going to do.

Another respondent recalled staff members' level of confidence in their leaders and how this helped the change initiative:

Everybody trusted they had the right vision; [they] were capable leaders of change and had the right resources to bring about change; everybody in the organization had tremendous respect for [the school owners]; it didn't matter who the individual was or what level they were at in the organization; the [school owners] were thought to be unique people; everybody trusted they had the right vision, were capable leaders of change and had the right resources to bring about change ... [they] were inspirational and trustworthy; people knew it would happen the right way with no corners cut and absolute integrity; sometimes in proprietary institutions school owners can be questionable.

One person reminisced about celebrations the school owners sponsored which produced a sense of loyalty, bonding and commitment among staff thus influencing the change process in a positive way:

We had a lean management structure composed of directors such as the director of financial aid, the director of marketing, and the education directors. All of us directors operated on the same level; we reported to [school owners]; they gave us the same respect as they gave each other; we saw this as very important in gathering our support ... we did everything together like Christmas parties, company picnic every year; everybody at Christmas time got a bonus; that's unheard of now; if it was your anniversary at TESST you got a bonus; they did things they didn't have to do; this grew people's loyalty

toward the organization; so when [school owners] made the announcement [about organizational change] we believed in the vision they had ... so when we needed to talk about something that would affect the whole organization, we would all sit down at the table together; that's like a family; that's part of TESST's culture; we were a really close-knit organization.

One of the owners was well aware of how organizational morale can help or hinder the change process:

I would say overwhelmingly, the morale was excellent; but no matter how good change is, it does not occur without some pain; overwhelmingly the morale of the key players who were closest to the change [process]; they were really excited about the possibilities; I believe this permeated to other levels in the organization; I can't remember anyone who saw it any other way; now if we announced, 'No more diploma options will be offered but only degree options,' I believe a lot of folks who had been in the institution many years would have opposed the change; I think they all saw it as an opportunity to add more options and hopefully TESST would become more successful.

Personal leadership styles also influenced the change process as the other owner described below:

Well, I had this philosophy on training managers ... and [my partner] will verify this ... when [he first became my partner], he and I sat in the same office [facing] desk to desk [in Hyattsville]; and I wanted him to know everything that I knew about TESST and [how to] run TESST before I would move on to try; you know, open another location; so then when that six months [of training] or so was over we started looking [for a new campus location] and found the Alexandria [Virginia] location; by then he was ready to take over running the main school in Hyattsville on a day-to-day basis; [this allowed me] to set up the new campus from the ground floor up ... and manage that until it was up and running ... and we opened the first TESST college expansion on Duke Street in Alexandria; yes, we were there a number of years; it was very successful there and I think we had maybe up to 400 students at one time at that location; then when that was up and running ... I [hired] new school directors and trained them for about six months [in the same manner]; they would sit right across from me in the same office every day until [my partner] and I felt comfortable that they knew everything I knew; they would answer the questions the same way I would [and] respond to students the way that I would.

When the same owner was asked to describe the most effective aspect of the change process, he responded as follows:

Two things: [1] selecting the right people to head the components that need to be done; let's say in this case components of the application to become degree-granting and organization; the most important aspect was to clearly state the goal and purpose at the very beginning [of the change process]; any project depends on the right people at the top tier; [partner] and making sure we are on the same page; [2] then clearly state your goal to the others such as how and when things need to be accomplished; and clearly communicate expectations about what is being delegated; then set up the date and time to pull everything together so that everyone reviews each person's contributions and develops one single document that involves one or two people to pull everything together; [select] someone who is best at writing ... and [someone] good at presenting.

The other partner also provided his view on what he believed was helpful in the change process:

The only way I know how to answer that question is to say that if we were meeting with employers at a TESST advisory board meeting for example, I would focus the discussion on what the change would mean to employers [and] stakeholders in the workforce community; and not what it meant to the organization; if they wanted to know about how the change could benefit the organization, I would address the questions and then redirect the discussion by stating, 'We value your time and input, this is what we see as a potential outcome or reward as it relates to you as employers; are we on target here or did we fall off the back of the truck; help us understand this possibility'; so we tried to focus the discussion to the audience we were talking with to see if they had a particular interest or expertise.

The following is a description of a senior manager's views on helpful features of the change process:

Well, I think we did a lot of telling people about what TESST is about, our accomplishments, outstanding graduation rates, our job placement rates when compared with traditional colleges; and we showed them how our [national accreditation association] held us accountable [and] was as good as regional accreditation; I think we got a lot of information like this circulated in the higher ed community; when we were met with resistance it was lots of educating key people [and] inviting them to visit TESST and [meet] the students; employers and key people from the traditional college sector [as well]; it was mainly re-educating people.

Unhelpful Features of the Process

The transcripts indicated that the owners also relied on their business instincts and experiences as they proceed in the change initiative. When asked to discuss the least effective aspect of the change process, one school owner responded:

I guess I didn't know better; we sensed our way through this and relied on our own professional experiences of other projects; one thing we found that because TESST had to do so many reports for MHEC [such as] federal, Veteran's Affairs and accreditation, we gained the background to do this kind of project; it was on a larger and different scale but the principles are the same.

By inference one can surmise that a lack of experience can hinder the change process.

In response to another question about threats that might have inhibited the change initiative, the same person stated:

Well, first the obstacles weren't what we expected; we wondered if MHEC would accept the idea of TESST becoming degree-granting; so we were concerned; the second was if other colleges would oppose the idea; we knew no other college had an axe to grind with TESST or reason to see us fail; the other career schools were surely envious and wondered if we could actually succeed or not; there are good reasons why some private career schools have not succeeded in becoming degree-granting; unless the schools that apply are willing to meet all the [MHEC regulatory] requirements, then in my opinion they should not be granted degree-granting status; if they are [in compliance] they should be allowed [to grant degrees]; and they should have been doing a good job all along while in the private career school business.

The response was interpreted to mean that a lack of communication with prospective competitors in advance of the initiative could have obstructed the change process.

Additionally, the owner believed that a private career school that fails to perform in its own sector is not worthy of becoming a college.

Another response concerning features of the change process was described in retrospect as follows: "I learned that the leaders and leadership have to believe in the objective themselves as well; this made a big difference; any negative players should

be removed from the [key] team or they'll bring everybody down.” One owner illustrated this belief about drive and commitment in the statement below:

Finally, one owner indicated that he and his partner were extremely dedicated to the change goal. As stated below, commitment was a key aspect of the change process:

All [my partner] and I became concerned with was being approved to offer degrees; we knew we could more easily become degree-granting in Virginia but unsure about Maryland and MHEC approval which had stricter regulations [than Virginia]; but until we knew we would be approved in MD we did not apply in Virginia [to operate as a degree-granting institution]; for TESST the only option was whether or not we'd receive Maryland State approval; [my partner] and I knew that if we were approved by MHEC, we'd be approved by the accreditation association [as well]; we felt qualitatively, we could achieve Maryland State approval.

The next section concerns the social exchange processes and bargaining activities that helped the school owners overcome challenges to TESST's change goal.

Social Exchange

For this study, the social exchange process is defined as a course of action by which people in organizations interact with others by cooperating, negotiating and trading economic, human resource, political, social, psychological and cultural/ideological values through a network of relationships and associations. The interview transcripts yielded evidence of value conflicts inside the organization as well as disagreements with individuals outside of the institution. The study analyzed for exchanges of values among stakeholders and key players through such activities as bargaining, compromising, exercise of authority and *quid pro quo*. During the change process these social exchange activities were employed as key players set out

to resolve internal and external differences among individuals, and gather support for the change initiative.

Internal Conflicts

One of the owner's statements exhibits the presence of social exchange processes: "No matter how good change is, it does not occur without some pain." Value conflicts and social exchanges occurred primarily among the senior ranking faculty members who had taught basic electronics repair courses for years at TESST; according to one participant, "They taught from the perspective of a 'blue collar' worker."

Acquiring support from the senior instructors in the goal to change TESST to a degree-granting college was challenging for the owners and key players. Values that were grounded in a small vocational school culture conflicted with those of traditional institutions. Additionally, regulations under COMAR §13B.02.02.17 (1995) required TESST's instructors to have completed their studies at a regionally accredited or internationally recognized institution; at least through the master's degree level and in the field in which the instructor taught. As a result, senior faculty instructors faced conflicts when new traditional-oriented college instructors were hired. For the first time, key leaders were confronted with internal conflicts among the faculty. Without a faculty senate in the traditional collegiate sense, the faculty felt they had no voice and devalued in the process as one participant described below:

So during stage one [of the MHEC application process] we [senior managers] remained silent ... in the very beginning, the discussions only involved the senior management team [and] faculty were not involved; it wasn't until we had completed most of the pieces [of stage one]; we didn't want to embarrass [the owners] if we didn't succeed ... then there was an apparent shift; the small shifts accumulated into one large dynamic change ... but at the same

time we [managers] also needed to bring in new faculty; TESST happened to have faculty who had stayed on for a long time ... [this] group of long time employees feared or resisted [organizational] change; some had been with the organization over 20 years and their applecart was upset; there were fears about MHEC regulations and requirements for faculty credentials; [before TESST became a college] most of this group of faculty only needed to have technical experience and no degrees; there were concerns that [new] PhD's and master's faculty would threaten their positions; they wondered if TESST would [continue to] be the same organization [after becoming a college] ... instructors feared loss of control of their futures; their comfort levels were disrupted ... at TESST a group of electronics instructors were ingrained in their own culture and were not as in tune with new technologies; they also happened to be older [and] in the middle stages of their lives; they seemed to be at a life-cycle point [in their careers] and maybe they weren't as open to change or didn't desire to improve their educational levels ... to meet the demand [as a result of increasing enrollments] a large number of [new] faculty were brought on board; these were people who had no previous knowledge about TESST, were not part of the culture and they were very young and aggressive; so we brought in a seasoned team of instructors from the three [campus] locations [in Maryland]; there were about 65 instructors who had [worked] at least three to 10 years with the organization with an average age of 40; the new instructors were 25 to 35 years of age; they were totally focused on technology and continuous learning; they were completely different from the seasoned instructors; they brought a whole different spirit to the table.

The same participant added further insights and described how resolution was achieved through negotiation, feedback, and exchange:

There were a lot of faculty meetings to inform and prepare them; it's the unknown they feared; when they knew they could deal with the changes in the organization they were informed and asked for their feedback and input; we involved them in trimming down the technical course requirements; this made a difference.

Other stakeholders such as students and employers were also conflicted about the Associate of Applied Science (A.A.S.) credit hour requirements. The following evidences negotiation processes that took place in the organization:

The biggest challenge was the electronics program; MHEC [regulations] requires that the A.A.S. degree cannot exceed 105 semester credit hrs with a minimum of 90 hours; but the electronics instructors really wanted to design a program that exceeded 105 hours; yet the students thought this as too long; the

pressure from employers called for basic skills in addition to applied skills in specific areas; so there was conflict between long-time faculty and employers; how to marry the need for basic and technical skills proved challenging; there was a lot of trepidation among the long-time electronics instructors; we were forced to make choices to reduce the technical course hours so that we could add the required general education component [to the degree curriculum]; this was the biggest struggle in meeting after meeting [with faculty]; although electronics was not my area [of expertise] I was still pulled into many meetings; the other type of meetings focused on the general education requirements, course levels and how to address developmental or remedial student needs ... it was a totally different way of thinking so we all had to make adjustments.

It's funny because we had to remind the [owners], 'Why are you listing clock hours instead of credit hours in the catalog?'; they even had to get used to it; for example, once TESST became a college, if there was a snow day, we had to make up the hours; TESST holds classes Monday through Thursday so we would hold extra classes on Friday to compensate students ... the old 'clock hour' concept took time to dispel; in the collegiate setting it's not the minutes that count so much as it does student's work and assignments and what they learn; it takes a while [to adjust one's thinking];

Hiring the right kind of instructors who knew how to teach courses to non-traditional students presented a challenge that called for a loss in status among long-time faculty in exchange for improved instruction:

The biggest challenge was in finding the right faculty; it's great to have a Ph.D. on the faculty but if she/he can't break down the concepts in a way that allows the two-year student to learn or if the student can't grasp the knowledge, the faculty person is useless; so at one point we were screening many faculty resumes; we would screen out the kind of instructors who lectured all day as opposed to those who also applied their knowledge; our students didn't need to be talked to all day, they needed real world skills; during the 1990's we didn't have the 'No Child Left Behind' programs so we were getting students who were pushed through the school systems without adequate educations; this was challenging; so having faculty members who could help these students was an asset; they were able to understand how to balance a lecture; we also put in place tutoring programs; the general education mathematics and science instructor [we hired] was a PhD but it took him four or five years to adjust [to TESST's non-traditional culture]; his background was very traditional; I sat in his class the other day here at TESST College and realized how far we have come as an institution to offer this kind of instruction; and not everybody can teach distance education courses; at every level the instruction makes the difference in a student's educational

experience.

As noted earlier, TESST was owned and managed by two corporate owners and each took on a distinctive leadership role to influence organizational change. One of the owners specialized in day-to-day business and interacted more frequently with individuals inside the organization during the change initiative. The other owner associated with external constituents such as influential political officials, community leaders, traditional college presidents and social groups. Both individuals engaged in social exchange processes to achieve organizational change at TESST. The following is one owner's internal perspective on conflicts among senior instructors and employment of exercise of authority:

We had to work harder with the technical faculty to address the higher level of educational requirements for hiring faculty who could teach courses for the degree option; it was overwhelmingly difficult but communication was key; [the process] needed to be open; my sense was that communication was successful; if there was any apprehension about the change it was probably among the technical faculty; but we were able to overcome this problem when the instructors finally realized that no one would lose their job as a result of change; they also realized that they would need to improve their own education credentials to keep up or feel comfortable with the new faculty; in some instances the comfort zone levels of long time instructors were shaken; that's a reality.

In another area of the interview, the same school owner indicated that in order for staff and faculty to reach consensus, the owners employed negotiation and *quid pro quo* (or giving and taking):

We were also looking carefully at the fact that we had not offered any general education courses *per se* so we had a lot of discussion about how the courses should be structured and which courses would make the most sense; we ended up concluding that for TESST, we would stay with a fixed program where students would enroll and progress with cohorts all the way through; and they would take a general education course per term in conjunction with the technical courses; we wanted to know what was right and how should we bring general education instructors on board; organizationally how should

general education instructors be incorporated; what should that look like [and] who should supervise them; how can we make sure there is not a disconnect between the practical courses and general education; this was something that was way beyond the mission that we all had a lot of experience with ... we used to preach that the big advantage of attending TESST was that general education courses weren't necessary; so this was a different type of thinking we needed to adapt to; those were some of the things the organization was coming to grips with.

The same school owner further described his own values and convictions which he held to firmly throughout the change process:

[My partner] and I were enamored with the concept of quality control and felt that one way to do this was to standardize the program; in this way, we were teaching the exact same way at all three Hyattsville, Baltimore and Virginia campuses; we were offering the same curriculums and instructional materials; our instructors did not have the flexibility to choose their textbooks; textbooks were selected through a peer review process; instructors had some input but it was not their first choice; so this is different from a collegiate institution; this is how we incorporated quality control; similarly, we offered the same major exams; a student taking a final exam at the end of the term in Beltsville would take the same exam as a student in Baltimore or Virginia; this is something that made us different from collegiate institutions.

The other school owner described similar values as follows:

Our concern was that there starts to become a mutation of the curriculum and the teaching [in] the way classes are taught; maybe even the instructional materials start to drift away from the original core curricula and goals; [my partner and I] made sure that each TESST campus was the same; and when [unnamed electronics director] would visit the TESST campuses and find an instructor changing the final exam for week three such as adding a new test question or changing it entirely, he would meet with the instructor and would gather all semester three instructors to ensure uniformity in instruction; when there are individual campuses and they start to diverge how far is the institution going away from the original programs for which it was approved?; in a number of years programs could be completely different and mutation results; that's something that could be happening now at Kaplan/TESST; if [my partner] and I were to return to TESST and review the programs I'm sure they've changed from the original programs we established.

The following statement indicates that the newly installed board of trustees exercised their authority over the faculty via the senior managers:

I would see staff at the trustee meetings thinking, “Oh, shut up”; [laughing] the trustees would pontificate ... whenever we asked instructors for certain information for the trustees they would go, ‘Why?’; so we would have to go through explanations which was frustrating for them.

As one participant described, the school owners were motivated to trade some of their own formal authority (or referent power values) in exchange for broader oversight by the board of trustees in the tradition of collegiate institutions:

Just one thing, the board of trustees was very important to TESST; that was a very different thing once it was established at TESST; here you have two long-time owners of TESST who are used to running the school; they are the top bosses; then when TESST wanted to become degree-granting they needed a board of trustees to oversee the operations; although the trustees are not owners they still have some control [or legitimate authority]; decisions still must be run past the trustees and they can ask tough questions; I think this was hard for some individuals in the organization to swallow; the trustees were not in love with us; [but] we knew this was good for achieving the [organizational change] goal; they asked good questions [and] they were serious; their roles were not taken lightly; they formed a long-range planning committee, academic affairs committee [and] community relations committee; if they gave us assignments we knew to do it; so this was new and different for all of us; even though [the owners] were our bosses we still were indirectly accountable to the trustees; it was very hard for some people; sometimes [the owners] would get funny looks on their faces like they were thinking, ‘Wait a minute, are we running this store?’; this was some new level we all had to get used to until we realized that the trustees were part of the team like everyone else; this was a very different organizational concept going from a private career school to a college organization; I can see the same resistance even now ever since Kaplan acquired TESST; some Kaplan College boards are very tough; especially those that are regionally accredited; they are called board of governors; the Kaplan boards are highly involved in the decision-making process.

Another participant also observed how the schools’ owners traded-off some of their power and influence in exchange for a more collegiate organizational structure:

I also observed changes in the individual campus leadership during that time; [the owners] had an organizational management structure that is different from a traditional institution; this allowed for some diversity to happen; in the late 1990s when the organization became larger and by 2000, the owners realized they couldn’t operate that way anymore; so some of their influence in the organization ebbed; they couldn’t manage in the same fashion any longer;

there developed a middle management layer that drove changes in the culture; from a student and staff perspective, this was evident; the administrative staff also grew in order to handle a larger student population which also influenced organizational change as well.

External Conflicts

Social exchange processes were exhibited by the key players when they were confronted with external challenges and conflicts of interest. Some potential sources of conflict were anticipated as one participant stated:

We saw the obstacles coming from outside [the organization] and not the inside; the obstacles were thought to be the traditional colleges; we also expected opposition from the community colleges [because] they were starting to compete for the same student market; the University of Maryland also began marketing certificate programs around that time; so were the community colleges; so we were all competing for the same student population; although most of the traditional colleges don't like to admit this they thought they had complete ownership of all degree programs; this isn't true of the proprietary college sector; so we thought of the traditional sector as an obstacle from the start.

When asked to describe obstacles to the change goal, one owner stated that MHEC was perceived as a potential threat early on in the change process:

Based on my perception, I believed the biggest opposition would stem from political forces and regulatory forces at MHEC; whether or not this was a reality, we thought it important to overcome the political aspect; that is to say, we knew other institutions in Maryland were already offering similar degree programs [and] had no desire to have another competitor; why would they; but we knew there would be an opportunity, whether the Maryland Independent College and University Association [MICUA] lobbyists that represent Capitol College; or Johns Hopkins and others; we didn't know where the opposition would emerge; so the unknown was an obstacle; but we overcame this obstacle in part through 'timing'; when the University System of Maryland opposed the Appollo Group's University of Phoenix proposal to offer degree programs in Maryland [and] they ended up being approved, I perceived this as a culture change in the higher education community in Maryland; after this occurred there was a perception that for-profit collegiate education is not new territory anymore; also in terms of timing there was a tremendous market demand in the IT [industry] at the time; in fact we had the blow-up in the IT industry in 2002 in the IT and .COM industries; if TESST had applied for degree-granting status one and one-half years later, we might not have had the

same employment demand [to prove need for the degree programs].

The “external” owner tapped his relationships with college president in traditional institutions as described below:

What arguments were made for and against the change? Not within the organization; Maryland is different from other states that I’m aware of ... competitors can object or protest to a proposal; so here, we were primarily concerned that the community colleges would look at TESST as competing with them as they always have; but the relationships we had [developed] allowed us to meet with community college officials such as [unnamed] of Baltimore City Community College who said ‘I’m not going to object, I think you have a right to become degree-granting’; so we wanted to know where we stood before TESST gets broad-sided by four or five other colleges that might collaborate and object.

By interacting with traditional presidents, he discovered a potential political threat to TESST’s change goal:

I’ll tell you the one who really gave TESST a hard time; and I graduated from the same [unnamed] community college initially; I called the [unnamed] chancellor one day and said, ‘Hi, this is [unnamed] with TESST Institute; we’ve been around for 30 years and I just want to say we are in the process of applying [for approval from MHEC] to offer A.A.S. degrees; I would appreciate your time; what are your thoughts about this?’ He said, ‘I don’t know who you are and I don’t know anything about TESST, but you can be sure I will oppose it if you’re going to be competing with me’; [he] didn’t know TESST at all; he said he never heard of me; I never met the man in my life or saw him again and he didn’t want to talk anymore.

Although he was astonished to learn that the college leader would oppose the change initiative, the owner gained valuable knowledge as a result of the discussion:

That surprises you; ha; I couldn’t believe this; it was like he basically didn’t know I was on the Governor’s Workforce Investment Board and had MHEC’s support as well as other community colleges; I couldn’t believe his response; he really didn’t want to talk to me or take the time; he was just blunt and arrogant like, ‘Are you kidding me; of course, I’m going to oppose a competitor’; and I’m thinking, ‘Is this a community college [leader]?’; I didn’t say this [in the conversation with him] but we were always supportive of community colleges because they never clashed with TESST before.

Another participant recalled the conflict with the same institution:

I think some of the opponents were from traditional institutions ... but I knew there were a lot of colleges who opposed us; I can't think of his name but he was the head of the [unnamed community college]; I remember he really fought our proposal.

The consultant detailed what he perceived as threats from the traditional colleges and universities to TESST's organizational change goal:

Oh sure, the community colleges were a threat; and we had three or four institutions shaking their fingers and expressing opposition; there will always be someone in the traditional academic community who objects; these were obstacles that had to be overcome; the way they overcame these obstacles was to respond directly and refute the arguments; the opponents mainly came from the traditional institutions but not as many as we expected.

In another part of the interview, the consultant spoke about powerful individuals at the state level who could have blocked the change goal had they chosen to do so:

[Unnamed president] was the most powerful in the community college sector; [but] had MICUA's Executive Director and the Johns Hopkins University opposed TESST's proposal, things might have been different; but the arguments presented to MHEC were never that strong; again, we did our homework [and] we had the data; there was proof of student and employer demand for the kind of degrees TESST was proposing; once we got through that hurdle the whole issue was whether or not TESST would provide a quality program; it was almost an educational process for the traditional institutions; we had to convince them that TESST is not going to hurt them or the students; we [demonstrated] that a different kind of student would be attracted to TESST versus a community college; there could have been political obstacles too but there were none in this case; if [unnamed] was still the MHEC Secretary at that time, she would have alienated people and had tremendous power to kill or approve a proposal; the Governor [previous to Glendening] adored her [and] she knew how to suck up to those who had power; but she was awful to those she held power over; the point is that under the previous Governor and MHEC Secretary chances are the proposal would have failed; no question about it.

In an effort to thwart opposition and resolve conflicts in advance, the owners and some of the key players on the senior management team set out to gather support for the change goal by engaging in social exchange processes such as negotiation, exchange, bartering and persuasion:

But our leaders forged new relationships with traditional college leaders to overcome [any doubts they had about TESST] ... I co-chaired the Prince George's Chamber of Commerce education division; [and there] I developed a relationship with the Prince George's superintendent of schools ... [unnamed TESST director] and I made a visit to Prince George's Community College; we developed an articulation agreement with the college president; [he] came to visit TESST with one of his vice-presidents in May of the year we began the [change] initiative; they sat with [the owners] and toured the campus, discussed our plans [to change to degree-seeking status] and we gained their support; they graciously offered to help us and [the president] said he would not stand in the way when the proposal goes to MHEC ... one [unnamed university] president who was on the Governor's Workforce Investment Board and [other] members [of the board] helped [unnamed school owner] with the change [goal]; the president of the University of Maryland Baltimore County also had a good relationship with [the same owner] so this helped overcome any challenges and obstacles we thought might come up during the application process and in the academic community in the State of Maryland; gathering support ahead of time was the key; also the consultant helped us because we sat down and talked about strategies such as, 'Who do we ask and tap to align support?'; we then contacted key people in the individual schools and in the community.

Reconciling conflicting values were further evidenced in the following participant's statement:

I knew some of the [traditional institution] officials opposed us although we had some advocates too; I believe it was Prince George's Community College because we had a good relationship with them; TESST also had a partnership with Chesapeake College where we provided all the instructors and computers for their IT ... IT was just becoming a popular program in the State...and Chesapeake was looking for a partnership with TESST because we could provide all the computers and instructors for their IT courses; so Chesapeake understood what we wanted to achieve; TESST also had done a lot of work with the high schools ... we were very involved with the community ... TESST also for years did so much charity work with a lot of the boys clubs; this drew advocates [for TESST]; we had a golf tournament every year that sponsored the Prince George's County Boys Club; so we had a lot of support from the community; we also had a good relationship with Capitol College ... so they were strong advocates [for TESST].

The statement below described how key players negotiated and influenced their traditionalist colleagues to support the change endeavor:

There was reason to be concerned that the traditional academic institutions

would oppose TESST's proposal to become degree-granting; I think [the owners] were the key to overcoming opposition; they relied on the relationships they had established in the higher education community so we didn't have an insurmountable fight ahead of us; [unnamed TESST director] also had a great relationship with the president of Prince George's Community College; he worked to foster that relationship during the course of that year [2000] to strengthen support for TESST; at some point in time [the owners] went directly and met with their supporters; they met with the president of Capitol College to gain his support ... strategically, it was brilliant to seek out support from other colleges; if they opposed the change we made it very clear about the type of students who would choose TESST; so they would see that we had no intention of directly competing with them; Microsoft and other vendors were also our partners and supporters; they helped strengthen the academic curriculums at TESST ... so there was a combination of factors that helped us overcome threats; the relationships we had developed over the years with those who were direct competitors of ours in the higher ed community spoke up and said, 'TESST deserves a chance'; all of this was a 'confluence' that enabled TESST to overcome obstacles.

Another participant discussed similar social exchanges as described below:

The most important factor was gaining support from those folks who were believed to be on the 'other side of the aisle' so to speak ... [the owners] also had good relationships with MHEC [staff] and knew how to use their relationships. If we would not have gained the support of the president of Prince George's Community College and the president of the University of Maryland Baltimore County the application would have been turned down; if they had not publicly supported us we would have been all alone; all the work we had done, would have been for none; so we worked on relationships with the state officials and every sector [of higher education]; this was the most important factor.

The "external" owner obtained the Capitol College president's support by establishing that if TESST was allowed to award two-year degrees, they would likely continue their studies at Capitol College. The exchange of student resources process is described below:

We had a long history with Capitol College and we believed that this institution was a natural pathway for our grads to enter a bachelor's degree program; I think the [Capitol College] president also felt that if Capital College started as a private career school, why couldn't TESST?; we had many meetings with Capitol's president; we developed an articulation agreement with them, he spoke at our graduation ceremony; so we had a real

good relationship there; those folks were very supportive and they helped us demonstrate the need for collegiate programs ... at the end of the day the support of these presidents ... they were [also] a key part of how we overcame resistance to our application; Capitol College favored approving TESST as a college even though they were offering similar programs.

A review of the TESST's application documents on file at MHEC indicate that the president of Capitol College wrote letters of support to MHEC and his endorsement carried weight in the institutional evaluation process at the agency. The next response also evidences social exchange through persuasion and cooperation:

I can't recall if the University of Maryland Baltimore County objected but [one school owner] was on the Governor Workforce Investment Board [GWIB]; so I believe that one of the college officials who objected in the beginning got to know [the owner] while working with him on the board so he got to know more about TESST; so I think [the owner] had won him over by working with him during GWIB [meetings].

The same participant observed how MHEC diffused conflicts among TESST's opponents through exercising its legitimate authority:

I believe there were folks at MHEC, they listened and believed in what we could do; I remember MHEC telling [the opposing college officials] something like, 'We can't kick out TESST just because of [unnamed community college in Baltimore County]; you should offer better quality programs so students go to your colleges in spite of TESST'; other than that no one else in the higher ed community fought us; it was just a few traditional institutions that wanted to hold on to the little pieces of turf and hold back something new; but we also had some advocates among the traditionalists.

The owners shared similar views about the important relationships he and his partner developed with MHEC officials:

Actually through the support and encouragement from MHEC, we looked at the individual and most reasonable type of degrees that would fit best with TESST ... and once we knew that we really had MHEC's support it made everything much, much easier; it was like, 'I see what we are supposed to do [and] if we have questions MHEC will help us out; we're not going to try to take any short cuts but we are going to do what needs to be done'; and then it really became a unified effort; we knew that to take short cuts around the

regulations would not be a good idea but we appreciated the Commission helping TESST to get to that point.

The owners' colleagues set out to negotiate and lobby on behalf of TESST as described below:

At the time we began seeking degree-granting status [unnamed] was the assistant secretary for planning and academic affairs at MHEC; he encouraged us to submit an application; couldn't predict the outcome but encouraged us ... we waited a little longer than we should have to get the process started; the only thing that comes to mind is that in his capacity as the assistant MHEC secretary [was that] during the comment phase of the TESST proposal he chose to set up meetings [with college presidents to discuss their concerns]; he personally attended and moderated meetings and he was able to get to the heart of the issues ... in his capacity as the assistant secretary [and] during the comment phase of the TESST proposal [to become degree-granting] he chose to set up meetings with all interested institutions and associations [in Maryland]; [my partner] and I never attended those meetings but [we heard] he was able to diffuse the opposition to some extent; he attended a meeting of the Maryland Association of Community Colleges or MACC; MACC had submitted a letter of objection to our proposal application; at that meeting the presidents of Prince George's Community College and Baltimore City Community College spoke on TESST's behalf; so when the assistant secretary left the meeting he said he knew [some college] presidents still opposed the idea but believed they needed to look beyond their concerns; he went a step further than what he was obligated to do; I think he was key in influencing the Secretary of Higher Education's decision [to approve TESST to become a degree-granting college] because he had the right knowledge of the issues; he had no vested interest in TESST whatever the outcome; we really appreciated his efforts and clearly this was helpful to TESST becoming a degree-granting college.

The same person was asked if there were other key allies and about the social processes. He described processes such as cooperation and exchange of resources:

Employers; primarily there were employers; but the biggest supporter who took the initiative over the top was the Governor [Glendening]; we had developed a personal relationship back when he was the Prince George's County Executive; we brought him in to the original TESST-Hyattsville campus to show him what we were doing; former Governor Schaeffer who was Mayor Schaeffer in Baltimore at that time came down to TESST to visit the school; we asked every major politician in the State at the time to see what we were doing; and once we had them on our side ... back then we brought in Jim Moran who was just starting to run for Congress at the time; and we

brought in State delegates and senators; we invited them to tour the campus before it opened to show them what we were doing; from that point on if we needed parking or any permits we would get waivers and building permits quicker; [organizational change] wouldn't have happened without these relationships ... we knew that besides MHEC, the legislators and mayors of Hyattsville are smart [and] intelligent people; they knew we weren't trying to pull anything over on anyone [and] that we were bringing an asset to their community; we developed a good relationship with Glendening when he was running for Governor and because of all the support we showed... when Capitol College actually developed a high tech system to broadcast classes across the State; they were one of the first institutions to do this in Maryland ... from then on, we got to know important people and they got to know TESST College; so, when it came time to submit the application [to change to a degree-granting college] ... I had a private meeting with Governor Glendening and MHEC Secretary Karen Johnson ... she was new to higher education but once worked for Governor Glendening; she didn't know much about TESST; it was a critical time with getting approval and obtaining [political] support for TESST; and the Governor asked me to tell her about TESST although she had already checked with other people in the higher education community [and] other college presidents; in fact we were very fortunate that only one college opposed TESST becoming a college but that [opponent] went away quickly and didn't even get very far; so Governor Glendening sort of 'blessed' the idea that TESST should become degree-granting; [he] could see no reason why an institution [like TESST] couldn't be approved if it met all the standards regardless of whether they were once a private career school; [if we] were able to meet the standards he was very supportive of the school becoming degree-granting ... [later on] I was re-appointed to the Governor's Workforce Initiative Board when Erlich became Governor [and] remained two more years; I stayed on the [Board] under two different administrations; but I would say everyone was supportive.

Summary

Change processes and social exchange actions were led by the two school owners and carried out by the senior management team. These individuals interacted with others by cooperating, negotiating and trading economic, human resource, political, social, psychological and cultural/ideological values through a network of relationships and associations. Social exchanges took place internally and externally as values were exchanged between two or more parties motivated by the possibility of obtaining desirable values, such as Capitol College. As for the faculty conflict, the

older instructors minimized the net decrease in their values by cooperating with the senior managers and compromising with the new instructors.

Motivating the social exchanges was a complex set of variables as discussed earlier in the section on organizational change variables which indicated that some concerns meant more than others. The social exchange processes that influenced TESST's change in status was a result of reconciling conflicting change variables as reported by the respondents. The final chapter next contains a discussion of the findings on change variables and social exchange processes in relation to this study's research questions.

Chapter 5: Conclusions and Recommendations

A theory of organizational change was developed from a review of relevant literature to provide a basis for examining the change of TESST Institute of Technology (TESST) when it became a degree-granting college. This theory was believed to provide a more comprehensive framework than contemporary theories for analyzing and understanding organizational changes. The study considered the impact of sets of motivating values predicted to be the variables affecting an organizational change. The case study sought to verify whether these values/variables selected offered more promise for understanding organizational change than the less comprehensive sets of variables in contemporary theories. This chapter reports the conclusions, recommendations and suggestions for further research derived from the study's findings.

Conclusions with Respect to Research Question 1

Research question one was: What concerns about TESST's environment and its internal circumstances led it to seek becoming a degree-granting institution? Were there any environmental trends and pressures that affected TESST's decision to become a degree-granting institution? What were the internal circumstances that suggested the need for the organizational change?

Responses to the question captured the external events and internal circumstances that served to identify the starting place when key leaders began thinking about changing TESST. The first part of the interview question asked participants about external trends including economic, human, political, social, psychological, and cultural and ideological.

External Trends

Variables from three sets of external trends were identified by the participants: *economic, human resource* and *political*. Together these environmental forces operated as incentives that affected TESST's decision to become a degree-granting institution.

Economic variables. Most of the respondents referred to the state's economic down turn as a compelling trend. They often discussed the situation in association with the nature of the profit driven sector where private career schools are economically motivated to compete for students. Some participants supported their assertions by describing the proliferation of new schools during good economic times in Maryland in the 1980's. Others referred to fewer new school openings during the state's economic downswing in the 1990's. To remain competitive and financially viable during weak economic times, new programs were being considered by key individuals at TESST, primarily in the area of information technology (IT).

The schools' two owners were, in their own words, "businessmen" first (as opposed to academicians) meaning they were in the business of increasing profits and growing the institution. They were motivated by economic incentives envisioned through program development. With respect to the literature that informed the theoretical framework for this study, Lawrence and Nohria (2002) suggested that the desire to accumulate material goods and economic resources are likely to influence organizational change. Their research model provided a means of understanding that TESST's owners were motivated to change in the institution's status that would allow for an increase in tuition revenue and to add new degree programs.

Human resource variables. Coinciding with the economic situation was a major trend in the state's job market. The participants spoke at length about the statewide demand for networking specialists, computer technologists and database administrators. To some of the participants, this trend was the starting point when the schools' owners decided to create new information technology (IT) programs and enhance the school's profits. An analysis of various key reports published by numerous state and federal agencies corroborated their assertions about the demand for technology workers. Employment studies and forecasts indicated a serious shortage of IT workers would develop in Maryland over the next ten years. Further analysis of the documents and state agency reports confirmed that there was a major shortage of qualified employees in the technology field.

Additionally, major IT employers were pressuring state government to develop policies that would increase occupational and degree programs in technology. They were demanding not only better educated students but more of them to fill positions. In response, Governor Glendening called on all higher education sectors to create occupational and academic technology programs to meet employers' demands and improve the state's economy. Given TESST's lack of competition in the region for IT programs, the owners decided to update the basic electronics and computer training programs and develop a new IT program that would help meet employers' demands. How they came to view these environmental trends as an important opportunity to market the institution's resources is best understood through Nadler and Tushman (1989) "congruence" theory.

The theorists viewed organizations as interacting with their environment or an industry in which an organization is competing. They also believed that key decision makers initiate change as a strategy to best utilize organizational resources. In the case of TESST, when key individuals, after updating the older programs and introducing the new IT program, became motivated to produce graduates with IT degrees they sought to change the institution's mission. The forces in the employment market led them to access student markets which influenced making the change.

Political variables. The changing public opinion and political climate in Maryland were other forces that played a role in TESST's change. Some participants mentioned how fraudulent business practices among private career schools resulted in a tarnishing of the sector's public image in Maryland. As a result, a political backlash and heightened oversight by MHEC shrouded the industry. By the late 1990's, schools that were capable of meeting MHEC's standards, were perceived as reputable thus improving the sector's public image. To the dismay of "traditional" educators in Maryland, MHEC's decision in 1998 to approve the University of Phoenix, the first out-of-state for-profit collegiate institution to operate in Maryland, signaled the onset of a more favorable political environment for the for-profit sector including private career schools. It was no coincidence when TESST subsequently began preparing an application to become a degree-granting institution and, by 2000, the document was filed at MHEC.

The political variables that influenced the key leaders to transition from the private school sector and to the degree-granting sector were identified through

Tichy's (1983) technical, political, cultural (TPC) theory. In keeping with the theory's concept, the leaders viewed MHEC as means of obtaining power and influence. This perception helped shape their decision to change the school into a degree-granting institution.

This study concludes that the incentives to change TESST were motivated in part by environmental forces in which some of the study's proposed organizational change variables emerged as factors that initiated interest in the change. The theoretical framework for this study provided a point of reference for examining the variables and tracking the path of organizational change at TESST.

External Trends not Identified

The following sets of variables associated with external trends were not identified as having motivated the change: *social, psychological* and *cultural/ideological*. It is possible that the participants did not believe there were trends that existed or that the variables touched on sensitive areas that they did not feel comfortable discussing.

Internal Developments

The second part of research question 1 asked participants to identify developments within the organization that suggested the need for change. Six developments were identified in the following domains: *economic, human resources, political, social, psychological* and *cultural/ideological*.

Economic variables. The key leaders at TESST were driven to increase the institution's profits by strategically reinvesting earnings in new instructional facilities, adding new programs, marketing to a broader student markets and enhancing

customer services. These investments provided financial stability for the organization.

Lawrence and Nohria (2002) and Bennis et al. (1985) theorized that key individuals like those identified at TESST, are generally motivated to minimize financial uncertainty for the organization as well as for themselves. The institution's future depended on its ability to accumulate profits; therefore, the school's owners decided to ensure sources of income by changing the school to a college. Reducing economic uncertainty operated as an internal change incentive for expanding TESST's profits, programs and campuses.

Human resource variables. As TESST increased its enrollments there were increasing demands on the institution's staff resources. This internal situation motivated the owners to hire and groom new managers. Over time, as the organization developed, the new hires added value in the form of expertise that enhanced the institution's effectiveness. The owners were motivated to build human capital and plan for future change: "So we felt that ... organizationally TESST had built an infrastructure and expertise that we could bring to bear in the [change] process; and TESST could be competent and able to deliver quality degree programs."

Nader and Tushman (1989) provided insight on how the motive to improve staff resources operated as a variable that would lead to change at TESST. The theorists explained that the more well distributed an organization's internal resources is, the more effective and productive it will be. When the internal resources reach a balance point, it is more amenable to change (as opposed to imbalanced organizations

that are likely to be resistant to change). The owners were confident that TESST had developed its internal resources and knew it was ready to take on change.

Political variables. TESST's owners had become proficient at building external sources of power and learned to maneuver strategically in higher education's political arena. As for the internal political variables that influenced change, one of the owners as well as the senior managers became internal "change agents" in the institution. Bennis et al. (1985) profiles change agents as highly motivated individuals who use their political influence in the organization in order to build support for the change goal. They also take risks and are competent at reducing resistance to organizational change. Participants frequently described one owner in particular as a change agent who handled the day to day business at TESST with a skillful management style. He connected well with those who had influence in the organization which in turn, allowed him to wield enough influence that minimized internal conflicts and acquired support for the change initiative.

Tichy's (1983) strategic change theory allowed for examining how political systems (variables) within organizations can be leveraged (manipulated). The theorist suggested that internally, political power is a resource that individuals and groups in organizations value, compete for and distribute. Additionally, political systems can be manipulated as political variables in order to achieve change goals. The senior managers at TESST were connected with faculty and capable of influencing the internal political environment. The (internal) owner's political values motivated employees to realize that change was possible.

Social variables. Internal developments associated in the institution drove key individuals to contemplate change. The decision to change TESST's mission was made by individuals who held social values as highly as economic values. Financial records indicated that TESST had found its niche and achieved a level of affluence and security that other private career schools yearned for at the time. As the institution aligned its curriculum with Capitol College and developed articulation agreements with community colleges, key individuals became motivated by upward striving and emulated collegiate institutions.

Kelman's (as cited in Bennis et al., 1985) explanation shed light on how social values/variables functioned to influence organizational change at TESST. The theorist contends that individuals who hold social values in high regard, in relation to other values, are more likely motivated to support or initiate organizational change. In their responses, the participants expressed pride in their articulation agreements with Capitol College and other traditional institutions. Given that Capitol College evolved from a private career school, they believed that TESST could achieve degree-granting status as well. As the organization grew and multiple sites were acquired, the infrastructure grew to include advisory boards and a Board of Trustees. To some participants, these internal developments indicated that TESST was moving in a collegial direction. In this way, social variables motivated key individuals to explore the idea of changing TESST to a degree-granting institution.

Psychological variables. Internal developments of a psychological nature also yielded incentives that functioned as variables of change. The psychological variables that influenced individuals to contemplate change were driven by the need

to achieve a feeling of reward and satisfaction for accomplishing an organizational goal, e.g. change. At TESST, the owners were driven by the need to enhance organizational morale among employees. Although the “internal” school owner knew that changing TESST to a degree-granting institution would be difficult for some employees, he believed that in the long run, those who committed to the initiative would eventually feel rewarded and gain a sense of satisfaction from their accomplishment.

In a study concerning methods for motivating individuals to become change agents, Kelman (as cited in Bennis et al., 1985) proposed training techniques. The theorist asserted that if the individual learns how to associate the change goal with every day organizational life, the more likely the person will become motivated to initiate or support change. At TESST, the owners trained a team of senior managers who felt good about their roles as a result of positive feedback (internalization variable), inclusion in decision-making processes (esprit de corps) and recognition (self-worth variable). As the owners reflected on different directions in which to move TESST, they became aware of the valuable role the senior managers could play as agents of change.

Cultural and ideological variables. On paper, the lines of authority at TESST appeared to flow from the “top-down.” The MHEC (2001) team evaluation report described the culture as business like, non-traditional; students wore white shirts and ties or business attire. After interviewing the participants, it became evident that, internally, the institution operated more like a traditional college, e.g. team approach,

collaborative, inclusive. The culture and ideologies held by key individuals functioned as variables that led the way organizational change.

Bennis et al. (1985) provided a framework for examining the important role cultural/ideological variables play with regard to organizational change. The theorists posed three questions to determine if an organization's culture is ready for change: 1) is the cultural state of an organization resistant or amenable to change; 2) are the leaders considered trustworthy; and 3) are employees encouraged to interact with management and offer feedback? Those employed at TESST held common views about the school's mission (institutional identity) and valued the institution's history (sagas). The owners' managerial values (ideologies) generated loyalty, respect and trust. The senior managers, campus directors and faculty directors interacted with the schools' owners, board of trustees and faculty. These cultural/ideological variables served to hold the organization intact internally and influenced the realization that TESST was ready for change.

Summary

The study concludes that internal developments that influenced values held by key individuals that suggested the need to change TESST into a degree-granting institution. In turn, their values operated as variables that motivated them to initiate organizational change. Variables were generated by economic, human resources, political, social, psychological and cultural/ideological values. Each of the internal change incentives that were identified in the responses to research question one were encompassed by the change variables proposed in the study's theory. These findings

were deduced from an analysis of the variables identified in the participants' responses, and the study's theoretical framework.

Conclusions with Respect to Research Question 2

Research question two was: What were the organizational and individual benefits envisioned by those seeking the change? The variables identified in the participants' responses were examined against the study's theory and proposed framework in Table 1.

The motivating variables were subsequently classified and rated as indicated in Table 3. The analysis revealed that all six groups of variables were evident from the study's theory: economic, human resources, political, social, psychological, and cultural/ideological resources. As discussed below, some sub-variables were considered more important than others to the participants, some had no relevance and two new economic variables not previously identified in the literature review emerged (customer service and market value).

Economic Variables

Organizational benefits. The economic variables that participants identified as promoting the change were as follows: increasing tuition, increasing federal and state funding, adding new programs, building new facilities and acquiring technologies. Increasing tuition and increasing federal/state funding concerned "funding sources" and the last three variables concerned "uses of funds."

The first two variables, increasing tuition and government funding, reflected the literature's general view that people are motivated to minimize economic uncertainty, even if it means changing the institution's mission. TESST's existence

rested solely on sources of tuition income. Increasing profits meant that the institution would continue to prosper (Eckel & Kezar, 2003). These incentives operated as the study's framework's anticipated. Economic resources were viewed as a means of improving the organization's circumstances. The promise of achieving a state of affairs that was better than the organization's current situation proved to motivate key individuals to seek change at TESST (Gilliland et al., 2003).

As for uses of funds, participants also believed that acquiring new programs, new facilities and new technologies were potential organizational benefits. The vision of adding an IT degree program represented a new market niche and potential revenue for the institution (Cameron et al., 2006). The idea of building new campuses and adding new technologies also correlated with the study's framework. Additional campuses represented increased student seating capacity and additional income (Cameron et al., 2006). Enhanced instructional technology was a means of meeting student demand for TESST's updated high tech programs (Eckel & Kezar, 2003).

Some economic variables did not appear to have influenced change at TESST: increasing individual salaries, building alumni funds and enlarging endowments. The participants did not believe these incentives were motivations for the change. One participant reported that building alumni funds was not relevant to a for-profit school. The explanation was, that unlike traditional institutions, alumni fund raising activities are not commonly associated with for-profit schools. The study suggests that for the same reason, enlarging endowments did not operate as a change variable at TESST.

The study's framework provided a means for analyzing the findings and identifying economic variables that were reported to not have influenced change at TESST. Although the variables did not emerge as relevant in this case study, they may well be relevant for a study that examines change variables in a traditional higher education institution.

Two additional economic variables, not originally identified in the literature, were suggested by those interviewed in the study and reported as organizational benefits: "customer service" and "institutional market value." "Customer service" was found to be a long held economic value at TESST. Participants described the important role customer service played in the organization's ability to recruit and retain its student market. To emphasize the point, they referred to the small student/instructor ratios, student retention/high completion rates and tuition refund policy. The concept of customer service also emerged in discussions about the importance of responding to the concerns of TESST's advisory boards which were composed of major IT employers in the region. As consumers of TESST's products (IT students), they were calling on TESST to establish IT degree programs so they could recruit "educated" IT graduates.

Although the variable was not included in the framework, the study's theory suggested that satisfied student customers provided consistent flow of tuition income and financial security for the organization (Cameron et al., 2006). The same theory also supports the assumption that satisfied customers were more likely to return to TESST and further their education by enrolling in IT degree programs. Key individuals at TESST knew that former students who were satisfied customers were

likely to return and enroll in the IT degree programs. In this way, customer service operated as an incentive to change TESST to a degree granting institution.

“Institutional market value” was also identified as an economic variable that was not discovered in the literature review. Although the variable was reported by two participants “not be a factor” of change at TESST, their acknowledgement and responses confirmed that this variable held the potential for influencing organizational change. The responses indicated that major education corporations were interested in buying out TESST about the same time the decision was made to change TESST to a degree-granting institution. The offers were taken into consideration but the schools’ owners decided not to sell TESST and, instead, commit to the change initiative. In reviewing the offers, they did learn how valuable the institution had become (market value) which must have been tempting; but their values, including other variables identified in this study, overrode the market value variable. This study concludes that the market value variable influenced the owners in an unexpected way by motivating them to clarify their vision and commence with the change initiative.

Two previously undiscovered variables were identified through the interview sessions. What the gap in the framework confirms is that variables can emerge and operate in unexpected ways to influence change. The significance of the framework and findings suggest the following for those interested in studying organizational change: 1) the customer service and market value variables could be included; 2) the researcher should be open to discovering new variables; and 3) the literature review should include consumer science theory and financial studies.

Individual benefits. Although some participants reported that “increasing salary” and “increasing tuition” were individual benefits that influenced change, two others reported that the variables were “not a factor.” Some believed that transforming TESST to a degree-granting institution held the promise of an increase in one’s salary; and increasing tuition revenues meant bonuses and benefits. Theory explains how these variables generally motivated employees to increase their efforts to lead or support the change initiative (Bass, 1990) but were not deemed relevant to two participants. The study concludes that the participants either felt embarrassed when discussing the topic, or did not want to be perceived as motivated by money.

The study’s theory and framework for economic variables made it possible to identify and validate important economic variables. The framework allowed for the analysis of multiple perspectives concerning the role economic variables played in influencing change.

Human Resource Variables

Organizational benefits. The participants perceived organizational benefits in the form of “better quality students” who would be drawn to IT degree-programs. The student access variable is driven by what human resource theorists suggest is the desire to recruit students who presumably are valued for their talent, intelligence and academic ability (Bennis et al., 1985; Cameron et al., 2006).

The responses indicated that they envisioned students who were more likely to have better academic skills and to be serious and motivated by higher education goals (Eckel & Kezar, 2003). By improving its recruitment strategies, TESST would be able to enroll better students. In order to enroll better students, TESST would have to

establish admission criteria that were fitting for the collegiate programs. The vision of recruiting and admitting better students influenced the change in mission. TESST also adopted selective admission criteria but retained an open admissions policy for its diploma programs.

Table 3 indicates that the participants regarded the “quality of faculty and staff” to be an important variable of change. Organizational theory proposes that the quality of an institution’s human resources (in this case faculty and staff) can have a tremendous impact on its ability to survive in competitive markets (Cascio, 2006). At TESST, key individuals were already developing updated curricula that called for faculty who were better educated and knowledgeable about new technologies. They were also aware that long time faculty had become complacent; they lacked the kind of technical expertise needed to teach core IT course; and they lacked the education credentials needed to teach the general education degree requirements. The need to hire competent faculty led individuals to lead and support change.

The study’s framework was useful for validating the two human resource variables that were identified in the literature. The framework provided a reference for confirming that change was driven by the need to optimize the institution’s human resources. This study concludes that human resource values led to a change in recruitment strategies; hiring standards; admissions criteria; and ultimately, a change in mission and programs.

Individual benefits. The participants did not relate individual benefits to the human resource variables. The researcher believes that the participants had operated from a frame of reference that was managerial or administrative. Had the study

included interviews among faculty employed at TESST at the time, individual benefits may have been linked to human resource variables. For example, a faculty member may have been motivated by the prospect of better students to teach. In this way, the perceived outcome would be a relevant individual benefit. For reasons described in the last chapter, the study was unable to include faculty members in the interview process.

The framework provided a means of examining the human resource variables. The lack of findings on individual benefits suggests that future organizational change studies should seek representation from several levels in an institution.

Political Variables

Organizational benefits. Six proposed political variables in the study's framework were identified as organizational benefits by the participants: pursuing political agenda, affiliating with esteemed organizations, acquiring visibility for institutions, and power and influence. The majority of participants regarded pursuing political agendas and acquiring independence as the most influential political values.

The "pursuit of political agendas" was motivated by the need to participate in meetings with politically connected individuals. It also motivated those who regard "expertise" as a form of power (Bass, 1990). Key individuals at TESST joined many different committees and formal groups at the state level and national level (accreditation) that were known in the employment community. They also joined a MHEC committee and, in doing so, connected with staff members who had the knowledge and expertise to influence support for the change initiative.

“Acquiring independence” was another political variable that was viewed as an important organizational benefit. The prospect of gaining independence from what was perceived as “restrictive private career school regulations” proved to be an incentive for changing TESST into a degree-granting institution (Bennis et al., 1985).

“Affiliating with esteemed organizations” was believed to be highly beneficial to the institution and to have influenced change. For several years prior to the change initiative, the schools’ two owners strategically cultivated associations with Capitol College and other traditional institutions by developing articulation agreements with them. In doing so, TESST was perceived as having acquired “referent power” in the higher education community through their affiliations with regionally accredited degree-granting institutions (Birnbaum, 1988). According to the study’s theory, the owners were driven by the need to improve the institution’s ability to be taken seriously and to rally support for the change initiative (Bass, 1990).

“Acquiring visibility” was believed to be an organizational benefit that influenced change. The schools’ owners desired to increase awareness about TESST among the local community leaders and citizens by becoming involved in activities, high schools, charities, etc. The owners were motivated to build good will to influence public perception of TESST. The variable also led the owners to reconnect with the Governor who was the former Prince George’s County Executive for the County where the college was headquartered. They also sought visibility by maintaining contact with other government leaders whom they invited and met a few years earlier at a TESST open house.

The variable was examined with the group political variables that are classified under referent power. As noted previously, referent power is highly sought after for its ability to gain the interest and attention of political allies (Birnbaum, 1988).

The power and influence variable was considered an organizational benefit that motivated individuals to initiate change at TESST. Theory suggested that the variable motivates individuals who desire a form of “legitimate” power conferred by a position of authority or a designated title (Birnbaum, 1988; Wrong, 1979). When the Governor sought out TESST’s owners to join a committee of powerful leaders, they became motivated to promote TESST and gain a new audience that would support the change initiative.

Accessing inner circles was perceived as an organizational benefit. The prospect of connecting with important college officials was the motivating force that primarily drove the two schools’ owners to gain entry into political circles (Bass, 1990). Entering an elite political circle was envisioned as a means of informing powerful members about TESST. The desire to access elite circles, and influence individuals having power to support the change initiative, was a motivating variable of change.

Individual benefits. The only political variable that participants associated with individual benefits was power and influence. The theory explains that the owners strongly desired to assume the roles of traditional college leaders similar to that of the Capitol College president; therefore, they were motivated to change TESST to a degree-granting institution (Bass, 1990).

The framework for this study was unable to identify other individual benefits that operated as variables. The study did not provide enough information to vet out other individual benefits or variables through the framework. The participants either did not associate individual benefits with the remaining variables or they may have preferred to refrain from discussing the topics during the interviews.

Social Variables

Organizational benefits. Four organizational benefits were noted by the participants and regarded as influencing change at TESST: enhancing institutional stature, attracting scholarly students, upward striving, social leveraging and legitimacy. Most of the participants reported that enhancing institutional stature and upward striving were important social variables. Two variables were not reported to be organizational benefits: attracting scholarly students and gaining prominence. These results are discussed below.

“Enhancing the institution’s stature” was considered an organizational benefit. The benefit operated as a variable for individuals who sought to raise TESST’s status in the higher education community. The social theory that informed this study established that social variables are mainly motivated by the need to increase one’s standing in relation to a group, community or peers (Homan, 1974). In the case of TESST, key individuals appeared to be drawn to the prospect of enhancing the institution’s status because they wanted to achieve parity with traditional collegiate institutions they admired (Benoit-Smullyan as cited in Bass, 1990).

“Upward striving” was reported by the majority of participants to be an important organizational benefit. Key individuals believed that the institution had risen above its peer schools in the sector. The study’s theory and framework confirmed that the decision to change TESST to a degree-granting institution was driven by the belief that TESST had essentially outgrown its identity and earned entry into the traditional collegiate sector.

“Social leveraging” was viewed by participants as an organizational effort that builds an institution’s prestige. Some believed that social leveraging motivated individuals to circulate with influential educators and politicians. The owners sought opportunities to mingle with highly visible officials, groups, community boards and organizations. The study also confirmed that at the same time the owners were seeking prestige, they were attracting the attention of officials who were capable of influencing the outcome of the change initiative.

“Legitimacy” was regarded as an organizational benefit that influenced individuals to improve TESST’s reputation through organizational change. The study’s theory proposed that leaders are motivated to validate their institutions through endorsements by others in the higher education community (Griffin & Stacy, 2005; Weick, 1979). Key individuals believed that moving the institution to the collegiate sector would authenticate TESST’s sound reputation.

“Emulating others” was another organizational benefit that was perceived as a way to improve TESST’s public reputation. This social variable was confirmed to have motivated the schools’ owners to adopt the protocols of traditional institutions such as Capitol College. The theory follows that leaders who emulate others they

hold in high regard are likely enhancing the institution's reputation (Booth, 2004). The circumstances that stimulated the effort were in the opportunity to observe and learn from the Capitol College president (Homans, 1974).

“Attracting scholarly students” and “gaining prominence” were two social variables that participants did not recognize as organizational benefits. An exhaustive analysis employing the framework led to the conclusion that the participants found the benefits relevant but more closely associated with traditional higher education.

Individual benefits. Only one social variable was reported by some participants to be an individual benefit that influenced change: “enhance institutional stature.” Six other proposed social variables were not reported to be individual benefits: attracting scholarly students, upward striving, social leveraging, legitimacy, prominence, and emulating others.

“Enhancing institutional stature” appeared to be more easily associated with improving one's own image. Some participants believed that a change in TESST's mission to that of a degree-granting institution would improve the institution's standing as well as how they were viewed as professionals. They were motivated to be identified with the institution's new classification as a collegiate institution. As some stated, they were influenced to support change by the need to acquire “status and prestige.”

The following six social values potentially associated with individual benefits were not identified during the analysis: attracting scholarly students, upward striving, social leveraging, legitimacy, prominence, and emulating others. After examining for the variables through the framework, the study suggested that either the incentives

were too minimal to mention or the participants did not find them relevant. The framework provided a means of ruling-out the variables not perceived as relevant by participants.

Psychological Variables

Organizational benefits. The participants believed that the following organizational benefits promoted change: internalize values and self-worth. Five benefits were not reported to be organizational benefits: esprit de corps, group cohesion, compliance, trust and morale.

Some participants interpreted the concept of “internalizing values” to mean that the employees internalized some of the same leaders’ values. One of the owners explained that when he realized that employees had become committed to the idea of developing new programs and campus expansion, he knew that the organization was poised for change. Internalization gave the owners the incentive to instill new beliefs and behaviors that would support change in the organization (Kelman as cited in Bennis et al., 1985; Cameron et al., 2006).

“Self-worth” was believed to be an important benefit because of its ability to enhance employees view about TESST’s future. The owners and managers alike observed changes in behaviors and outlooks among staff and faculty who were excited about the possibility of TESST becoming a college. Theory explained that self-image causes people to strive towards higher goals if they believe they will be rewarded with a sense of satisfaction (Pinder, 2008). The desire for improved self-worth was an incentive that influenced change.

Esprit de corps, group cohesion, compliance, trust and morale were not reported by the participants as organizational benefits. Further analysis of these variables through the framework suggested that either the incentives were not readily identifiable or the participants did not find them relevant. The framework was helpful in identifying these variables that the participants did not find pertinent to change.

Individual benefits. The participants believed that five psychological values were important organizational benefits: esprit de corps, group cohesion, self-worth, trust and morale. Two values were not perceived as benefits: compliance and internalization.

Esprit de corps was a benefit that the owners highly valued because it gave them a sense of unity with other sage education leaders and politicians. One owner became a chair of the Governor's elite roundtable which provided him the opportunity to exchange experiences, knowledge, expertise, attitudes, goals, language and thinking (Cameron et al., 2006; Dessler, 1980). As a result, he found much in common with the traditional college presidents. The wisdom they imparted motivated him to move forward with the goal of organizational change.

"Group cohesion" was regarded by key individuals as individually beneficial and to have influenced change a TESST. Some participants (former managers and directors) perceived themselves as highly motivated individuals who shared common goals. The study's theory explains that when groups become cohesive, individuals identify with a cause linked to values shared by others in the group (Leeds as cited in Bennis et al., 1985). TESST's cohesive management team became a source of energy

that the owners strategically guided. In doing so, they became motivated to revitalize the institution and change its mission and programs.

“Self-worth” was believed to be an individual benefit depending on how one perceived her/himself in relation to others in the institution. Through the interviews, the study discovered that some employees gained feelings of pride when learning about the possibility of working for a college; but the older “blue collar” faculty experienced a decline in feelings of self-worth. By identifying their fears and explaining the opportunities that would accompany change, the senior managers restored their feelings of essentiality and inclusiveness. Theorists suggested that both aspects of self-worth (essentiality and inclusiveness) serve to foster feelings of unity in organizations (Gilliland et al., 2003). Once the faculty had finally united, the key leaders realized that the institution was intact and this motivated them to promote change.

“Trust” was valued by TESST’s leaders as well as employees according to the participants. The schools’ owners endeavored to gain the confidence of the senior managers, employees, supportive allies at MHEC and backing from the traditional sector. The staff members who possessed a sense of loyalty toward the owners were quickly identified by the owners as change agents who could promote the goal. As for the long-time technical faculty, their values were tested when the change initiative was announced. Theorists suggested, the trust variable can induce positive or negative feelings towards leaders (Gilliland et al., 2003). The negative feelings the faculty first experienced stemmed from emotions induced by fear and threat to their positions at TESST. Eventually the trust variable (sense of loyalty towards the

owners) superseded their fears. The study's theory allowed for examining the important role the variable played in the case of TESST.

“Morale” was perceived by most as an important psychological benefit for individuals and helped influence change at TESST. The leaders and key players valued employee morale and were aware that continuous frustration or perceived obstacles to one's goal can lead to low morale (Leeds as cited in Bennis et al., 1985). The MHEC team report indicated that individuals who were interviewed during the on-site visit (faculty, administrators, students) held in common positive views about organization's leadership and accomplishments. These individuals were influenced by their high morale and became advocates for change (Dessler, 1980).

The compliance and internalization values were not identified as individual benefits by the participants. These psychological concepts may have been somewhat difficult to conceive of as an individual benefit.

Cultural/Ideological Variables

Organizational benefits. The participants reported three cultural and ideological values as beneficial to the organization: institutional identity, institutional ideologies and institutional sagas. These benefits/variables were reflected in the participants' descriptions about employees' collective views about the institutional mission, beliefs and history.

“Institutional identity” was perceived by some participants to be “conservative” and linked to the institution's mission. They indicated that employees and students had collectively formed a well-defined perception about the institution's “conservative” identity which they strongly valued. The school's core vocational

mission was so valued that it remained at the heart of the collegiate mission. The variable influenced those to support the new mission because it was consistent with their long held beliefs about TESST (Fekete, 2003).

“Institutional ideology” was described as a value employees commonly held about their leaders and the organization in general. The collective views about the school owners’ ethics influenced employees to adopt a sense of certainty and positive attitudes toward the change outcomes (Ashkanasy et al., 2000; Bennis et al., 1985). As a result, institutional ideologies served, in part, to influence the outcome of the organizational change initiative.

The “institutional saga” variable also played a role that helped promote change. Stories became sagas that were communicated internally among groups over the years. These sagas took on symbolic meaning as they were passed down through repeated story telling. The RETS saga was integrated in TESST’s collective belief systems and took on a meaning of its own, which influenced individuals to support change because it enhanced their sense of continuity, stability and certainty (Weick, 2001). The institutional saga variable also influenced key players to reflect on the school’s history while contemplating a change to its mission and programs.

Individual benefits. None of the participants identified the three cultural/ideological variables as individual benefits during the interviews: institutional identity, institutional ideologies and institutional sagas. They apparently did not associate the variables with the concept of change.

Summary

This study employed a broad conceptual framework for examining change which served to identify all six sets of values/variables during the analysis. Economic values were found to have some influence on individuals. Human resources values caused key players to develop new IT programs and improve the quality of faculty and staff members. Political values led individuals to mingle with those who held the kind of power that could influence others to favor organizational change at TESST. Social values influenced participants to elevate the institution's standing in the higher education community. Psychological values caused leaders to improve self-esteem among TESST's employees which helped strengthen internal support for the change initiative. Cultural and ideological values afforded employees a way to interpret their working environments at TESST.

The extent to which the values operated as variables and affected change was also evidenced through the framework. The values sought by individuals in the change process encompassed a total of 30 out of 33 variables which were identical to those identified in the literature and included in the study's framework. The study found that some variables, such as building alumni funds and attracting scholarly students, were not reported to affect the change. The study also revealed two new variables not previously identified in the literature. The study concludes that these variables provided a more comprehensive explanation of the organizational change at TESST than other current theories and better explained the processes whereby key players influenced and gathered support for change.

For practitioners contemplating organizational change, the study's findings are significant. The study's comprehensive model could provide a lens for planning a change such as: developing strategies that influence change; and employing effective social exchange processes. By examining this framework in advance of an organizational change, leaders may navigate through the change process more effectively.

For researchers contemplating employing a similar study, this study encountered two problems in applying this study's theory on organizational change: the problem of weighing the importance of the many variables that were involved in implementing a change; and the complex task of distinguishing between organizational and individual benefits. However, the findings were significant enough to warrant further refinement and application of this study's theory.

Additionally, Eckel and Kezar (2003) remind researchers that many organizational change theories portray change as a lock-step process. They warn that too often leaders believe they can create a goal, design a long-range plan, communicate their ideas, obtain support, etc. They state, "We learned that change does not occur in a linear stepwise fashion, nor are change strategies distinct from one another; instead, transformation is composed of interrelated strategies that build upon and reinforce one another (Eckel & Kezar, 2003, p. 120)."

The framework proved to be valid and fitting for an examination of comprehensive sets of organizational change variables. The framework also proved helpful in discovering new variables that apparently were not motivations for this change. The findings and conclusions to research question three confirmed the

explanatory power of the study's organizational change theory. The theory, framework and variables identified appeared to be significant enough to warrant practical application and further research by those interested in organizational change theory.

Conclusions with Respect to Research Question 3

Research question three was: What was the nature of the processes employed for bringing about the organizational change? What features of these processes helped most in achieving its intended outcomes? Which ones were not helpful or impeded by the effort?

To answer the research question, the study's framework examined elements of the social exchange process that were employed to bring about change. The findings in the analysis identified certain elements of the process that were effective and others that were potentially ineffective. The following factors were identified as effective elements of the change process: networking, values identification, organizational change philosophy and trust. Two elements that were not evident, and could have stymied the change process, included inexperience and overlooking potential opponents.

Effective Elements

Meeting influential people was an important element which helped the change process. Participants in the study consistently emphasized the importance of developing strong support for the change initiative. As one of the schools' owners thoughtfully reflected, "It [networking] is the single most important thing I can bring away from the experience." The schools' two owners networked on two different

levels: the state and the national levels.

Networking on the state level began early 1998, about the time the change process began when the external owner was called by the Governor to chair a blue ribbon committee of hand-picked collegiate leaders. As he fulfilled his role alongside officials from prestigious traditional public institutions, he had the rare opportunity to exchange ideas with them as an equal in the political higher education arena. Here, the owner informally networked among the members and communicated his ideas to an influential audience. In the process, he acquired knowledge about their values and learned they shared similar belief systems that transcended their respective sectors. Through networking, the owner developed a core of political allies who eventually helped influence the change process.

On the national level, the second school owner was networking in his capacity as the chair of the national Accrediting Commission of Career Schools and Colleges of Technology (ACCSCT) board. He realized that in order to become a college, TESST needed to pass muster on two levels: under ACCSCT's requirements for new colleges and MHEC's regulations. Through the connections made at the association, the owner gained knowledge and learned from the experiences shared by other officials about the collegiate application/approval process. According to the participants, networking at the national level proved beneficial to the change process and TESST met ACCSCT's requirements which proved far more comprehensive than MHEC's.

What the study finds most interesting is the number of allies acquired by so few individuals as they campaigned for change. The TESST network was far

reaching; this allowed for an effective change process. The study concludes that the owners employed strategic networking skills and identified similar values with those who could help influence the change process.

Another factor was TESST's political connections with the Governor and his cabinet. The schools' two owners had already introduced themselves to the Governor when he was Prince George's County Executive. The owners also supported his campaign to become Governor. Political inroads to the Governor's office also led to the MHEC Secretary's office. MHEC records indicated that the Governor and MHEC Secretary met with the schools' owners to discuss TESST's change agenda (K. R. Johnson personal communication, 2001). Thereafter, the Secretary who was fully empowered by MHEC to approve or deny requests to open a college, granted TESST authority to offer degrees.

Another theme that was woven in the context of the interviews, and identified as a key element in the change process, was "values identification." Examination of this factor indicated that the key players were perceptive individuals who were skillful at identifying values sought by stakeholders in the change process. Their insights allowed them to conceptualize a strategy that would connect the stakeholders' value systems with TESST's change goal. Repeated from an earlier section is the following statement that describes how values identification was effectively employed in the change process:

The only way I know how to answer that question is to say that if we were meeting with employers at a TESST advisory board meeting for example, I would focus the discussion on what the change would mean to employers [and] stakeholders in the workforce community; and not what it meant to the organization; if they wanted to know about how the change could benefit the organization, I would address the questions and then redirect the discussion by

stating, ‘We value your time and input, this is what we see as a potential outcome or reward as it relates to you as employers; are we on target here or did we fall off the back of the truck; help us understand this possibility’; so we tried to focus the discussion to the audience we were talking with to see if they had a particular interest or expertise.

The study found that, by honing in on the values that the stakeholders’ (employers) desired (IT graduates with degrees), the key players were able to link the stakeholders desires with rewards associated with TESST’s change initiative thus winning more allies in the process.

Another key element identified was the owners’ philosophical approach to change. The study noted that the following organizational change philosophy served to guide the owners through the change process:

Early on [in the change process], my partner and I figured that no matter how it turned out, the journey involved in achieving the goal was as important as the outcome; although we certainly were excited about the possibility and hoped it would happen, we knew there would be an opportunity for the organization to become better if we tried to achieve the goal in the right manner, no matter how it turned out.

To the owners, the process was equally, if not more, important than the outcome.

They shared similar values and ideologies that helped the change process.

They also shared the philosophy that although TESST was generally run like a business, and did not employ the principle of “shared governance” in the traditional sense, the owners’ incorporated principles of collegiality and collaboration in their daily routines. One of the owners discussed their views on leading the change process:

One of the big differences in my view, never having worked in a traditional college is that we operated more as a business enterprise; we were certainly in an industry not known for collegiality; we didn’t have a so-called faculty senate or any unions; basically we operated in the sense that it was a top-down organization; however, there are a number of ways to operate in this way; one

can operate in an environment as a “dictator” or try to operate with open communication; also, asking for and receiving feedback and then setting forth a doable vision that includes the parties that need to be included; we reinforced throughout the process the planning structure we set up; in this instance it worked well; if I had a complicated long-term objective I would go about it in the same way as we did with TESST; and I would try to get a lot of people involved; that turned out to be favorable.

The leaders’ philosophical approach to change served to earn staff support and influence in the change process.

“Trust” also proved to be a key factor as the leaders progressed through the change process. Throughout the study, the participants chose to discuss the trust factor as way to explain how the leaders succeeded in achieving the change goal. Some would preface their responses with the statement that the owners “entrusted staff”; exhibited “trustworthy qualities;” they were “known in the sector for their honesty and integrity;” and “trusted by MHEC staff.” At times, they contrasted these qualities with those of other private career school owners they had known or worked for in the past.

The study suggests that the level of trust the schools’ owners had developed among the employees as well as TESST’s constituents helped influence individuals to support TESST throughout the change process. Although trust was not an explicit reason for the change it helped the leaders influence the change process.

Factors Potentially Impeding the Change

The study suggested that the outcome of the change process may have been different had the following factors been overlooked in the implementation process: the inexperience of the TESST leadership and failing to identify potential opponents. An analysis of the owners’ responses revealed that the least effective element of the

change process was the fact that they had never been involved in such an organizational change. To compensate for this disadvantage one owner explained, “We sensed our way through this and relied on our own professional experiences of other projects.” They drew from knowledge acquired under similar experiences in their careers.

Additionally, the owners greatly admired Capitol College and its president with whom they had developed a good relationship. The study suggested that the owners sought out knowledge from the president about the institution’s history and transition from a private career school to a degree-granting institution. Had they not researched organizational change, their lack of experience may have hindered the change process.

Overlooking potential opponents was another element that could have deterred the change process. The participants reported that they feared the element of unpredictability and, therefore, made an effort to survey the traditional sector for potential opponents of change. As one owner stated:

Well, first the obstacles weren’t what we expected; we wondered if MHEC would accept the idea of TESST becoming degree-granting; so we were concerned; the second was if other colleges would oppose the idea; we knew no other college had an axe to grind with TESST or reason to see us fail; the other career schools were surely envious and wondered if we could actually succeed or not.

To identify potential opponents, one of the schools’ owners met with every community college president and four-year institution in the region in advance of announcing the initiative. Through this process a few adversaries emerged which allowed the owners to develop strategies to counter their opposition. The study concludes that had they not communicated with prospective competitors in advance

of the initiative the opponents could have obstructed the change process.

Summary

The study concludes that four factors facilitated the change process: networking, values identification, organizational change philosophy and trust. Two elements that held the potential to stymie the change process were identified as experience and failure to identify potential opponents. These findings serve to inform the organizational change researchers and practitioners about the important role such factors played in influencing individuals to seek or resist the change.

Conclusions with Respect to Research Question 4

Research question four was: Did the processes employed to bring about organizational change exhibit the characteristics of a social exchange process?

To answer the research question, participants were asked to discuss what they perceived to be bargaining and compromises that took place in order to bring about the organizational change at TESST. The study examined the principal interactions among the parties affected by the change at TESST. The findings revealed a variety of social exchanges that affected the outcome of the change process such as trading values, negotiating and giving/taking.

Trading Values

The study found that trading one's values played an important role in the change process. Bargaining and compromises were evidenced when TESST's senior instructors became displeased with the hiring of more credentialed faculty members to teach the new IT degree program and with the changes being proposed to their curricula. About 65 instructors taught the basic drafting, heating/air conditioning and

electronics classes for ten or more years at TESST. Most had never attended college. They held firmly to certain cultural/ideological values that influenced their outlook on the change initiative. They were perceived by the study's participants as a closed culture; or a "culture within a culture." According to the participants, the older instructors learned their trades in vocational schools, union training programs and/or learned "on the job" in blue collar positions.

These instructors were also motivated by the group cohesion and self-worth variables. As non-tenured faculty in a for-profit school, they had no faculty senate to voice their concerns. Their concerns led them to become a cohesive group. Social bonding allowed them to exchange their ideas freely as an "informal faculty senate." The informal membership created an important group within the organization. Additionally, concepts of self-worth motivated the instructors to feel pleased with themselves and valued for their technical expertise. These perceptions and values led them to view their roles as vital to the organization.

As the change process moved forward, their values were tested with the arrival of new faculty. The young faculty members arrived with little or no knowledge about TESST, never held blue collar positions and were excited about the change initiative. Therefore, they did not identify with the old inner culture and values. In meetings held by the department directors (key players) to develop the new degrees, the longtime instructors felt threatened by reduction in technical course hours of instruction and increase in general education hours.

Six months into the change process cycle, the directors obtained the instructors' cooperation in two ways through social exchange: 1) reinforcing the

organizational goal/benefits; and 2) emphasizing individual benefits. The directors communicated over and over again the importance of the change initiative to the organization. They were informed that TESST's future rested on a successful outcome and cooperative faculty. Additionally, the directors announced employee tuition benefits for instructors desiring to obtain degrees.

These conflicts were resolved when the instructors traded-off their long held cultural/ideological values for what they perceived as more rewarding psychological values. The study found that the prospect of furthering one's education represented job security at TESST thus generating the economic (increase salary) variable and the psychological (self-worth) variable. These benefits promised financial security and an improved sense of self-esteem, thus influencing support for change. This exchange of values resulted in bringing the two groups of faculty together and promoted cooperation in the change process. By engaging in a social exchange processes the leaders averted the alienation of faculty and achieved a successful outcome.

Negotiation

Negotiation was another social process that involved bartering, collaboration and agreement. The key players were effective communicators and barterers. One of the schools' owners negotiated with the Capitol College president to support TESST by negotiating an articulation agreement. The agreement was presented as a source of transfer students (tuition income variable) who would likely continue on to complete their bachelors' degrees and graduate studies at Capitol College.

Negotiation was also evidenced in the exchange of values (resources) between institutions. Chesapeake College sought a partnership with TESST about the time

TESST had applied for degree-granting status. The college was in dire need of IT instructors and computers for its new IT program and TESST had abundant resources. When Chesapeake College's president approached TESST with a request to borrow its resources, the owners negotiated with the president and obtained support for the change initiative. In return TESST agreed to the partnership and provided the college with resources.

Giving and Taking

Another form of social exchange known as giving and taking was identified in the study. TESST's owners as well as the senior managers often lent their time and expertise to participate on assorted MHEC committees. The time and effort put forth by the key players was subsequently rewarded when TESST applied to become a college and MHEC publicly supported the change.

The study's theory confirmed that exchanges between TESST's key players and two or more parties were motivated by the prospect of a net increase in desirable values or minimizing a net decrease in values. In the case of TESST, the study found that in order to achieve the desired organizational change goal, key individuals influenced change processes which necessitated bargaining and exchange activities.

Perhaps most important in bringing about the organizational change at TESST was the evidence that those pursuing the change took into consideration a large number of the variables identified in the theoretical framework for this study. As the efforts bring about the change progressed the participants appeared to have quickly noted potential threats to its success and mounted efforts to overcome them through various social exchange activities.

Summary

This chapter reported the conclusions on the findings to the research questions, suggestions for practitioners and recommendations. The findings were examined by employing a theoretical framework that served the study in three ways: a starting point for identifying values, a screening instrument for vetting the variables identified in the interviews, and a mechanism for validating the findings.

Based on the findings from research question one, the study concluded that external trends provided, in part, incentives that affected TESST's decision to become a degree-granting institution. The question also revealed that internal trends provided for individuals to undertake the change in TESST's mission. TESST, therefore, was motivated by environmental and internal forces in which some of the study's proposed organizational change variables emerged as factors that initiated interest in the change.

Research question two confirmed that the study's values and most of the proposed variables influenced TESST's change initiative. The most significant findings established the extent to which the values comprised 32 out of 35 variables that affected the change, including two new variables not previously identified in the literature review. The study concluded that these variables became the impetus for organizational change at TESST and set into motion the processes whereby key players influenced and gathered support for change.

Research question three distinguished several elements that facilitated the change process and two elements that held the potential to deter the change process. The study concluded that the implementation process played an essential role in bring

about the change and influenced individuals who were supporting or resisting the change.

Research question four found that individuals at TESST bargained, bartered and exchanged values with other parties through social exchange processes in order to pursue organizational change. Most significantly, the study concluded that these key actors were engaged in reconciling conflicting values during the change process. In doing so, they successfully influenced the processes which brought about change.

The study's conclusions were developed by analyzing the variables identified in the participants' responses through the theoretical framework. The study found the framework to be a powerful instrument for examining, confirming and ruling out organizational change variables. It also provided a more comprehensive set of change variables than contemporary theories that were examined during the literature review. The study generated new insights into the factors and variables that precipitated the organizational transformation process and influenced individuals to change TESST Institute of Technology to TESST College of Technology (Canons of TESST College, 2001). To this end, the study successfully fulfilled its goal.

Recommendations

Future Research

This study contributes insights for researchers who are interested in studying organizational change as a social exchange process with a broader range of potential variables. Given the rich data, and evidence of a broader than typical range of change variables, further studies are warranted. The following recommendations are proposed for future researchers.

The findings on the “customer service” and “institutional market value” variables suggest that future researchers might consider extending their literature reviews in the social sciences to cover these motivations. In doing so, the fuller implications of these factors may be revealed and studied. Other new values/variables may be identified and added to the taxonomy.

Although this case study involved a small institution, it yielded rich, descriptive data on organizational change. If replicated in a larger, more complex organization, and in different types of organizations such as businesses and various non-profit organizations, one might elaborate on the findings from this study and identify additional motivations.

This study involved an organization that successfully underwent change. A similar framework could be employed to examine why organizations occasionally fail to implement a major change initiative. Further research could be conducted on unintended or negative outcomes of change initiatives. More research is also needed to further examine typical motivations that lead to “resistance to change.” Such research should examine more fully the perspectives of stakeholders as opposed to those of the leadership.

A study also is needed that includes a broader array of participants external to an organization such as trustees of the institution, employers, state officials and other stakeholders. Researchers also should consider undertaking a study to examine and elaborate on the characteristics of social exchange processes. Further studies of effective strategies for influencing acceptance of change initiatives also would be useful.

A future study should develop a means for assessing the relative importance of values/variables in order to distinguish those that are most influential, moderately influential or irrelevant. Such a study could employ a quantitative methodology using a Likert scale to assess the relative levels of importance of the variables. A further study could focus on developing guidelines for practitioners that would help them identify the complexities of change processes in higher education institutions. Such a study could help leaders to assess an organization's capacity to take on organizational change.

Practitioners

This study should inform leaders in educational institutions, and other organizations, about the complex role the values held by those involved in change initiatives play in influencing individuals to support or oppose change initiatives. The recommendations below are presented for consideration.

Those interested in promoting change should understand that the success of change initiatives requires sensitivity to the full range of motivations revealed by the research. Leaders should find ways to identify and take into consideration the many varying interests held by stakeholders inside and external to the organization. Arenas for negotiating conflicting interests should be developed in light of the high costs and risks that often accompany organizational change. Unlike traditional institutions, proprietary schools and for-profit institutions do not commonly provide their faculty (the majority of who are non-tenured adjuncts) with senates to voice their concerns. The study reveals the importance of leaders developing strategies to reconcile

conflicting interests by providing effective arenas for negotiating conflicting interests as part of a social exchange processes.

Leaders need to maintain an awareness of environmental factors that suggest the need for an organizational change and stay informed about issues that can affect the success of such an effort. Interests held by employees in the organization, students, employers and other constituents, should be taken into consideration. Additionally, leaders need to identify influential change agents who recognize the need for a change and are risk-oriented and highly motivated but sensitive to the complexities of change initiatives.

Leaders need to clearly communicate the change initiative and formulate a vision that is convincing and understood by those in an organization. The change should be articulated in a way that employees, stakeholders and potential proponents can relate to its objectives. Moreover, leaders should keep in mind that change emanates from a variety of human emotions and belief systems and remain open and responsive to new insights during the course of change.

Limitations of Study

The findings in this case study's research strategy were limited in some respects. The limitations identified below should be considered when interpreting this study's findings and conclusions.

This study involved a single case and the outcomes rested on research conducted at one organization. Additionally, the case study was bounded by a time frame in which the economy was on an upswing, the political climate was favorable and interest in an information technology curriculum was nearing its peak of

popularity. Also the timing of the change initiative may have played a role in its successful outcome. For example, had the Secretary of Higher Education who preceded the one in office during this study made the decision concerning TESST's application to change to a degree-granting college, it is likely that the institution's change would not have been approved. Therefore, the study cautions that conclusions drawn from the findings may not necessarily apply to other change processes.

Although the participants were forthcoming, articulate and provided rich, thick descriptions of organizational change variables and change processes, only six individuals were interviewed. The study's findings were, therefore, limited by the number of individuals who participated in the interviews.

The findings in this study may also have been affected by other factors such as the size of the institution, the organizational structure, the curriculum and type of student body. The compatible partnership of TESST's two owners may have also influenced the findings of this study. Their personalities and leadership abilities complimented one another. Researchers should keep in mind that a number of factors may have been overlooked and affected the findings.

Marshall and Rossman (2006) remind researchers that qualitative case study research is not as generalizable as quantitative research, nor are the findings immediately transferable. Although qualitative case study methodology was fitting for this study's purpose, a different methodology may be more appropriate for another study on organizational change.

Regarding the scope of the study, it should be noted that it was not possible to examine all of the extensive literature on human motivations; nor was it possible to

fully explore all of the large body of literature on change in the course of this single case study. A more comprehensive study was precluded by the limited time and resources available to the researcher. This study did not involve a comparison of its results with the findings and conclusions from a variety of the studies of organizational change.

Although Table 3 was useful for identifying and calculating the number of participants who identified each of the variables affecting the change, the study was unable to determine the relative importance of the identified variables in bringing about the change. The level of influence attributed to each variable identified by those interviewed generated could not be estimated. The findings indicated that not all variables are equally important but the study lacked a weighting system for measuring the extent to which each of the variables influenced the change processes.

The study also lacked the ability to measure the interactions among the variables. The study's ability to distinguish the organizational benefits from individual benefits was complicated by their often overlapping nature. Additionally, participants occasionally shifted their focus from one variable to another when responding which made the analysis more challenging.

Another limitation was evidence that human motivations are subject to change. Many factors can cause fluctuations in beliefs and motivations such as the state of the national and regional economies, workforce demands, war, student placement and employment rates, enrollments, state and federal policy issues and changes in state level leadership through appointments and elections.

Appendices

APPENDIX A - Interview Guide

I. Introduction	Remarks
	Thanks for agreeing to meet with me and for your cooperation in this study...
	I assure you that this discussion is confidential and protected by IRB regulations....(request signature on form)
	Your permission is also needed in order to tape record the interview...
	The purpose of the study is to test a theory of organizational change by exploring factors that influenced people to seek a change in TESST's mission and status to that of a degree-granting college.
II. Participant's Background:	
	Position held at the time Current position
	Length of time employed by TESST: _____ No. of years: _____ From: _____ To: _____
	Please discuss your level of involvement in the change process:
III. Research Questions Variables and Social Exchange:	Linked to Interview Question (IQ) Probing Interview Question (PQ)
Question 1 Variables: psychological, social, cultural economic, other	IQ 1) Please describe for me as much as possible your impressions on what was taking place in the proprietary sector when you first heard of the idea to change the school's mission? Can you tell me the story as you remember it?
Question 1.a Variables: economic, political, other	PQ 1.a) Were there any environmental trends and pressures that influenced people to consider changing TESST to a degree-granting institution? What, if any, were the other options being considered?
Question 1.b Variables: human resources, social, psychological, cultural/ideological, other	PQ1.b) What was happening internally in the organization about that same time? PQ1.b) What was the organizational morale like? The culture as a whole? PQ1.b) What was the general consensus about the initiative? PQ1.b) Which groups within the organization were most supportive; least supportive? PQ1.b) Were there other supportive individuals outside of the organization?

<p>Question 2 Variables : economic, political, human resources, social, psychological, cultural/ ideological benefits, other</p>	<p>IQ 2) What kinds of benefits did individuals perceive for themselves as a result of change? For the organization as a whole? PQ2) What benefits seemed most promising? PQ2) What was your opinion about the importance of change? PQ2) What arguments were made for and against the change? PQ2) Who led the initiative and who was most influential in gathering support from others?</p>
<p>Question 3 Social Exchange Process: timeframe, participants & extent of participation, principal activities, nature and extent of communication, strengths and weaknesses of process, evidence of negotiation</p>	<p>PQ3) Were you present when the decision to change in mission occurred? Can you recall names, dates and settings in which the interactions took place? PQ3) What was your level of involvement in the process of promoting change? IQ3) How would you describe the nature of the process by which individuals gathered support for change? IQ3.a) What stands out as the most effective aspect of the process when individuals were gathering support for change? What was least effective? IQ3.b) What kind of obstacles, if any, threatened the initiative? How were they overcome? Who were the opponents? IQ3.b) What or who was the key to overcoming opposition?</p>
<p>Question 3 Social Exchange Process: negotiation, trade, barter or exchange among participants</p>	<p>IQ4) Describe what individuals did in order to influence others to support or oppose the change. How were these efforts resolved? PQ4) What in your opinion was the most important factor in bringing about the change?</p>
<p>IV. Conclusion</p>	<p>Concluding Interview Questions (CIQ):</p>
	<p>CIQ1) What did you learn from this experience? What did you learn about the processes involved in achieving the change?</p>
	<p>CIQ2) What documents, memos, journals, calendars, emails, correspondence or other materials do you have, or know about, that might help me understand more about the organizational change?</p>
	<p>CIQ3) Who else would you recommend that I contact that were involved in the change process or had views on its desirability?</p>
	<p>CIQ4) Is there anything else you would like to tell me about what took place?</p>
	<p>CIQ5) If at some time within the next 30 days, something else about the event comes to mind, and you think it important to discuss, please call me. I hope you wouldn't mind if I called you to clarify any of the things we discussed.</p>
	<p>CIQ6) Thanks for your valuable time, information, and cooperation in this study.</p>

APPENDIX B - Coding Matrix

Theoretical Assumptions	Research Questions	Variables (V) & Social Exchange Process (SE)	Sources of Data (SD)
1) The values that are sought when making a change include economic, human, political, social, psychological and cultural and ideological factors.	<p>1) What concerns about TESST's environment and its internal circumstances led it to seek becoming a degree-granting institution?</p> <p>1a) Were there any environmental trends and pressures that affected TESST's decision to become a degree-granting institution?</p> <p>1b) What were the internal circumstances that suggested the need for the organizational change?</p>	<p>(EV) Economic concerns</p> <p>(PV) Political concerns</p> <p>(HRV) Human Resource concerns</p> <p>(SV) Social Resource concerns</p> <p>(PSV) Psychological concerns</p> <p>(CIV) Cultural-Ideological concerns</p> <p>(OV) Other variables</p>	<p>(SD1) Perceptions of key individuals</p> <p>(SD2) Internal memos</p> <p>(SD3) Board of Trustee agendas and minutes</p> <p>(SD4) Advisory Board documents</p> <p>(SD5) School enrollment reports</p> <p>(SD6) Market studies</p> <p>(SD7) Accreditation documents</p> <p>(SD8) Commission regulations, policies, agenda, minutes</p> <p>(SD9) Commission reports, data</p> <p>(SD10) State labor/workforce database</p> <p>(SD11) Journals, news articles</p>
<p>2) The factors that motivated making the change would include seeking:</p> <p>2a) economic resources for obtaining goods and services</p> <p>2b) human resources for maintaining quality staff, faculty and students</p> <p>2c) political resources that provide power to influence decisions</p> <p>2d) social resources to improve the institution's and its staffs' standing in society</p> <p>2e) psychological resources to enable staff to feel better about themselves</p> <p>2f) cultural and ideological identity that affects how people view and interpret their environments</p>	<p>2) What were the organizational and individual benefits envisioned by those seeking the change?</p> <p>2a) economic benefits</p> <p>2b) human resource benefits</p> <p>2c) political benefits</p> <p>2d) social benefits</p> <p>2e) psychological benefits</p> <p>2f) cultural and ideological benefits</p>	<p>EV (1-9) Economic</p> <p>PV (1-6) Political</p> <p>HRV (1-2) Human Resources</p> <p>SV (1-8) Social</p> <p>PSV (1-7) Psychological</p> <p>CIV (1-4) Cultural and Ideological</p> <p>(OV1-4) Other variables</p>	<p>(SD1) Perceptions of key individuals</p> <p>(SD11) Other Documents</p>
3) The processes by which changes are pursued can be helped or hindered by economic, human resource, political, social, psychological, cultural/ideological factors; and the outcomes are expected to be revealed in the social exchange processes.	<p>3) What was the nature of the processes employed for bringing about the organizational change?</p> <p>3a) What features of these processes helped most in achieving its intended outcomes?</p> <p>3b) Which ones were not helpful or impeded by the effort?</p>	<p>(SE1) Timeframe</p> <p>(SE2) Participants & extent of participation</p> <p>(SE3) Principal activities</p> <p>(SE4) Nature & extent of communication or process</p> <p>(SE5) Strengths and weaknesses of process</p>	<p>(SD1) Perceptions of key individuals</p> <p>(SD2) Memos</p> <p>(SD3 - 4) Minutes</p> <p>(SD11) Other documents</p> <p>(SD12) Information about social networks, memberships, associations, organizations</p>
4) Organizational change takes place through social exchange processes with bargaining over the values identified as the six sets of change variables.	4) Did the processes employed to bring about organizational change exhibit the characteristics of a social exchange process?	<p>(SE6) Evidence of negotiation, trade, barter or exchange among participants in the change</p>	<p>(SD1) Perceptions of key individuals</p> <p>(SD11) Other Documents</p> <p>(SD12) Information about social networks, memberships, associations, organizations</p>

APPENDIX C – Participant Profiles

Backgrounds	Participant 1	Participant 2	Participant 3	Participant 4	Participant 5	Participant 6	Results
Position held at the time	Owner/Chief Executive Officer	School Director	Co-owner President	Director of Education, Info Tech & Computer Applications	Admissions Officer	Consultant hired by TESST	5 at TESST 1 consultant
Current position	Semi-retired	Executive Director private career school in MD	Semi-retired	President of for-profit college in (other state)	President of for-profit college (MD)	Semi-retired Consultant	3 semi-ret 2 presidents 1 exec. dir.
Still working in for-profit sector?	No	Yes	No	Yes	Yes	Yes	4 Yes 2 No
Length of time employed at TESST	29 yrs	13 yrs	18 yrs	10 yrs	9 yrs	18 months	Ave = 13.5 yrs
Number of yrs worked in for-profit industry	35 yrs	28 yrs	28 yrs	23 yrs	15 yrs	13 yrs	Ave = 24 yrs
Still affiliated with TESST?	Yes	No	No	Yes	No	No	2 Yes 4 No
Gender	Male	Female	Male	Female	Male	Male	2 Female 4 Male
Ethnicity (visual observation)	Caucasian	Caucasian	Caucasian	Caucasian	African-American	Caucasian	5 Caucasian 1 African-American

APPENDIX D – Organizational Change Process Timeframe (1998 – 2000)*

Date:	Reference Points:
Spring, 1998	Enrollments rapidly increased; owners considered degree-granting status for TESST; also contemplated selling TESST
June, 1998	Began aggressive expansion in Baltimore/Washing region; the Hyattsville, MD campus sold and new headquarters opened in Beltsville, MD
Summer, 1998	Timonium Advance Training Center campus was sold; new high-tech facility opened in Towson, MD
Fall, 1998	The Arundel Institute of Technology in downtown Baltimore was sold
Fall, 1999	RETS Technical Training School located in downtown Baltimore acquired
June 21, 2000	Application filed to change TESST's mission and status to degree-granting; and offer two A.A.S. degrees: 1) Electronics, Computer and Telecommunications Technology; and 2) Network Information Systems
June 30 - July 28, 2000	MHEC circulated TESST's proposal to all collegiate institutions in the State
July 28, 2000	Three objections from traditional colleges claiming program duplication were filed at MHEC
October 25, 2000	MHEC Secretary Karen Johnson approved part one of the two-part application after TESST proved compelling statewide need and market demand for graduates of the proposed programs
January 17, 2001	TESST submitted part two of the application to MHEC
February 6, 2001	MHEC sent an evaluation team to TESST campuses
April, 2001	MHEC evaluation team forwarded its report to Secretary Johnson
May 3, 2001	MHEC's Education Policy Committee recommended to the full Commission approval of TESST's application
June 12, 2001	MHEC Commissioners held a public hearing, granted approval to TESST to operate as a degree-granting college and endorsed both A.A.S. degrees
July 19, 2001	MHEC Secretary Johnson further endorsed the conversion of 11 training certificates to collegiate level certificate programs

Glossary

The following terms and constructs were used in this study:

Cultural and Ideological Values – Individuals' or organizations' shared normative behaviors and belief systems

Economic Values – Financial resources that are exchanged to obtain goods and services

Human Resource Values – Individual qualities that are valued and sought by organizations

Key Individuals or Key Players – Members of an organization who are significantly capable of influencing organizational change processes

Change Agent – individuals who are competent at reducing resistance to organizational change; they tend to be highly motivated and risk takers

Organizational Change – A major alteration of, or departure from, an institution's original mission and role in higher education

Organizational Values – Common values widely shared across an organization

Political Values – Attainment of power to influence personal and organizational decisions

Postsecondary Education – The non-compulsory educational level, following students' completion of a secondary education, provided by public and independent universities, vocational institutes, community colleges, liberal arts and technical colleges that award academic certificates and degrees; and private career or proprietary schools that award professional certificates or certification

Practitioners – Decision-makers and leaders in educational institutions and organizations

Private Career School – Also known as vocational or proprietary schools; the legal definition of a private career school in Maryland is a privately owned and operated institution of postsecondary education, that offers programs for the purpose of training, retraining, or upgrading individuals for gainful employment as skilled or semiskilled workers or technicians in recognized occupations or in new and emerging occupations; they are privately owned non-collegiate institutions that offer training in dozens of fields ranging from cosmetology to allied health; some schools also prepare students professional licensure examinations.

Profit-Making Institutions – Also known as for-profit institutions, these institutions comprise the proprietary sector. The entire group of institutions relies on tuition and federal financial aid for revenues.

Proprietary School – Also known as vocational or private career schools; they are privately owned neighborhood enterprises that offer specialized training and non-collegiate programs

Proprietary Sector - The non-traditional sector which includes three groups of profit-making institutions: non-collegiate proprietary schools, degree-granting shareholder colleges and small independently owned degree-granting colleges

Psychological Values – Satisfaction of individuals' psychological needs such as commitment, trust, connectedness, self-worth, morale and security

Sector or Segment – A group of postsecondary institutions that are classified according to similar missions and goals, e.g. collegiate sector, proprietary sector, community college sector, independent sector

Shareholder Institutions – Collegiate institutions that are run by publicly traded companies such as the Apollo Group Inc.'s University of Phoenix

Social Exchange – An exchange of values between two or more parties motivated by the possibility of obtaining a net increase in desirable values or minimizing a net decrease in values

Social Exchange Processes – Processes by which people in organizations interact with others by cooperating, negotiating and trading economic, human resource, political, social, psychological and cultural/ideological values through a network of relationships and associations

Social Values – Satisfaction of individuals' social needs such as recognition, status, prestige and reputation

Strategic Planning – also referred to as planned change; a deliberate, forward-thinking path of actions that is employed to undertake institution-wide changes to mission, goals and programs

Technical or Trade School – A general term used for programs that prepare students for employment through occupational training in fields such as computer technology, welding, culinary arts, office management, etc.

Values – A set of principles and criteria people employ for making choices and taking actions

Variables – The values that are presumed to influence an organizational change

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