

**LEADERSHIP AND DECISION-MAKING AT A SMALL, SPECIALTY  
COLLEGE DURING ENROLLMENT DECLINE**

by  
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## **Abstract**

Many less-selective, private colleges have experienced substantial enrollment declines, leading to financial instability. Colleges that are no longer able to operate independently will either close or be acquired by more stable institutions. This historical case study explored the leadership condition at a small, private, highly specialized college during a period of enrollment increase, followed by a rapid enrollment decline resulting in the college closing in 2022. Using semi-structured interviews and archival document analysis, this study considered how data were used to inform critical decisions, what decisions may have contributed to the institutional decline, and what actions leaders took in response to the decline. Five findings are presented, followed by a discussion of implications for similar institutions.

Keywords: *Private college, declining enrollment, financial stress, leadership, decision-making, historical case study*

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*The student has made all necessary revisions, and we have read, and approve this dissertation for submission to the Johns Hopkins Sheridan Libraries as partial fulfillment of the requirements for the Doctor of Education degree.*

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## **Dedication**

I dedicate this dissertation to my parents, Thomas and Barbara Rountree. Although I lost you both before I started this journey, it is because of you that I have been able to pursue my doctorate. I think of you often and hope that I have made you proud. Thank you for instilling in me a strong work ethic, intellectual curiosity, and tenacity.

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## **Executive Summary**

This study investigated the leadership condition and decision-making process at Weldon College, specifically how data were used to inform critical decisions, what decisions might have contributed to the institutional decline, and what actions leaders took in response to the decline. This empirical study fills a gap in the literature, specifically about leadership and decision-making at a failing college.

## **Problem of Practice**

Declining student enrollment, stagnant contributed income, and excessive debt have increased financial pressures on the higher education sector (Carey, 2014; Eide, 2018; Supplee, 2014). Presidents and leaders at small private institutions are increasingly concerned about their institution's financial stability because they are heavily tuition-dependent and have limited endowments (Carey, 2014). Smaller, less-selective institutions have been particularly challenged since the 2007 Great Recession, when endowment values and contributed income dropped, competition among both private and public institutions intensified, and the financial needs of families increased (Carey, 2014; Eide, 2018; Weisbrod & Asch, 2010). Small, private colleges are highly tuition-dependent, making declining enrollment the most significant factor in college closures (Bates & Santerre, 2000; Stowe & Komasa, 2016). Additional non-enrollment-related factors include rising operating costs, lack of revenue diversification, poor economies of scale, small endowments and donor contributions, and escalating debt (Eaton et al., 2016; Weisbrod & Asch, 2010).

The case in this study, Weldon College, was a small, highly specialized private college that underwent a period of enrollment surge, followed by a rapid decline, resulting in the college closing in 2022. The period for the study was August 2011 through December 2016 because it



captured the tenure of the president and the interim president leading during the organizational growth and subsequent decline. At its enrollment height, Weldon College had 699 students in fall 2014, which dropped to 506 students 2 years later in fall 2016.

### **Research Questions**

The following three research questions guided this study and were the basis for the research design:

- RQ1: How was data collected, analyzed, and used to inform key decisions at the institution?
- RQ2: What decisions were made that may have contributed to the decline of the institution, including lower enrollment and financial insolvency?
- RQ3: What was the institutional response to the enrollment drop, organizational decline, and subsequent financial crisis?

### **Research Design and Method**

This study investigated the leadership condition and decision-making process at Weldon College, specifically how data were used to inform critical decisions, what decisions might have contributed to the institutional decline, and what actions leaders took in response to the decline. For this study, the term leadership team referred to members of the board of trustees, the president, the faculty, and members of the executive administrative team. Additionally, the study examined how data were used to inform decisions and how critical events might have contributed to the organizational decline.

This historical study used semi-structured interviews to understand the lived experiences of five administrators and five board members who were at the college between August 2011 and December 2016. These participants had first-hand knowledge of the decision-making process

and how information and data were used to inform decisions. This process allowed for rich narratives and thick descriptions by participants who had personally experienced the leadership condition at the institution. The researcher also collected, coded, and analyzed 132 archival documents. The documents included were (a) board of trustees meeting minutes, (b) executive committee minutes, (c) finance and executive committee minutes, (d) finance committee minutes, (e) presidential communications, (f) resolutions, (g) strategic plan, and (h) student experience reports. The researcher included these documents in the study to present the perspectives of other eyewitnesses who were not in the interview sample and as a means of triangulating the data (Bowen, 2009; Creswell & Miller, 2000; Guba, 1981).

The researcher selected thematic analysis for this study because its flexible nature allowed for both a descriptive and interpretive data analysis (Braun & Clarke, 2021). The researcher analyzed the data using each of the six phases of reflexive thematic analysis outlined in Braun and Clarke (2021) and used the annotations and memos features in NVivo to serve as an audit trail.

The researcher was an insider participant and approached her positionality as an advantage because it helped reveal potential unknown truths through the privileged information the researcher possessed. The researcher brought a first-hand perspective of the institution and was not limited by the participant interviews. In other words, the researcher could “fill in the gaps” in the participant stories because she was there for most of the study period.

### **Findings and Discussion**

Although this case study was about the leadership condition at a small, private college that failed, it was also a story about the lived experiences of the participants who served at the institution. Each of the 10 participants told the story about their experiences and observations at

Weldon College through their unique lenses. There were consistent themes weaving throughout the narratives, validating some perspectives while contradicting others. Nonetheless, there was consensus on two critical events that led to the institution failing: the enrollment collapse and the institution's failure to reduce its overreliance on tuition as its primary revenue stream. The five themes that are discussed included (a) leadership suitability in institutions of higher education, (b) niche shape and enrollment collapse, (c) problem blindness, (d) revolving leadership, and (e) failure to secure alternative revenue.

The first theme, leadership suitability in institutions of higher education, establishes the need for small, highly tuition-dependent colleges to be led by presidents and boards of trustees with the unique skillset to lead small colleges effectively. Because so many small colleges are challenged with declining enrollment, these colleges need leaders with experience leading organizational turnaround and an aptitude for navigating the complexities of leading a small college. These were qualities the leaders at Weldon College did not possess.

The second theme, niche shape, refers to the programs and curriculum the institution was offering, which no longer aligned with student interests. However, the leaders of the institution were unwilling to recognize or effectively analyze how the programs and curriculum may have been contributing to the rapid enrollment collapse. Also evident was threat rigidity and an institutional resistance to evolve in response to the environmental changes contributing to the enrollment decline.

Problem blindness is the third theme and was evident in Weldon College's failure to critically evaluate the causes of the organizational decline in order to formulate an appropriate response. Leaders were never able to define and analyze the problem.

The fourth theme, revolving leadership, refers to the significant turnover experienced at Weldon College. Between 2010 and 2020, the presidential leadership of the college was inconsistent, with six different presidents leading the institution, three of whom served as interim president. During the same span of time, Weldon College also had five different board chairs. There was also substantial staff and faculty turnover, which resulted in loss of talent and momentum.

Finally, the fifth theme relates to the institution's failure to secure alternative revenue. Weldon was highly tuition-dependent, so increasing non-tuition revenue was identified as a priority in the college's strategic plan. However, Weldon lacked the expertise, creativity, and impetus needed to pursue this initiative.

Based upon the findings and themes generated from this case study, the conclusion provides outcomes of the study that colleges in similar conditions should consider. These include (a) becoming an adaptive organization; (b) appointing leaders with the aptitude to lead an institution of higher education; (c) encouraging dissent, debate, and credible alternatives; and (d) embracing partnerships.

By adopting adaptive strategies, struggling colleges improve their chances of a successful organizational turnaround. By maintaining the status quo and accepting a culture resistant to change, institutions lack the talent needed to perceive and respond to external changes that threaten the organization. Furthermore, boards of trustees and presidents must have the skills and experience suitable for the job of turning struggling institutions into sustainable organizations. Even leaders who have excelled in other fields but lack the aptitude for leading a small, private college will struggle to effectively lead colleges to become stable and sustainable. Leadership must also be consistent, and assuming the right college has the right leaders, effort must be made

to mitigate turnover at the board, administrative and even staff level, as this hinders momentum.

Additionally, colleges need to embrace adaptive leaders who expect collaboration amongst a wide range of stakeholders and who also seek out differing opinions and even dissent. Finally, higher education leaders must lessen their dependence upon the volatile enrollment economy and pursue external partnerships to leverage opportunities for revenue diversification. To be successful, potential partnerships should align with the institution's mission and involve multiple stakeholders to encourage buy-in and acceptance. Partnerships have the potential to serve the local community while also improving the financial health of the college.

### **Recommendations for Future Research**

The researcher used the case study method to better understand the how and why of a small, specialized college failure. However, the single case study is a limitation, indicating the need for a multi-case study on failed colleges. There have been close to 10 closures and mergers of specialized, peer colleges of Weldon, providing an opportunity to study this phenomenon across similar institution types. Another opportunity for further study would be to understand the lived experiences of other stakeholders, such as faculty and students, who have experienced a college failure. Administrators and board members in this study portrayed tenured faculty as resistant to change, so understanding their experiences would add to the literature on this topic.

## **Chapter 1**

### **Synthesis of Literature Related to the Problem of Practice**

In the United States, an increasing number of small, private, nonprofit colleges are experiencing a financial crisis because of declining enrollment, rising operating costs, excessive debt, and small endowments (Eide, 2018; Gitter et al., 2018; Stowe & Komasara, 2016; Supplee, 2014). Moody's Investors Service (Moody's) is a bond credit rating business that determines the creditworthiness of various entities, including the higher education sector. Moody's 2018 U.S. higher education outlook report indicated that median expenses had increased by 3% for private institutions, even though median revenues increased by less than 3% (Lederman, 2018). The report also pointed out that 25% of private colleges had an operating deficit at the end of the 2017 fiscal year (Lederman, 2018). The resulting financial struggles have left many institutions unable to operate independently, forcing them to close or merge with larger, more established institutions (Carlson, 2019). This trend has been accelerating in recent years with private, nonprofit colleges now closing at an average rate of 12 institutions per year (Lederman, 2021).

### **Value of a College Education**

Even with the increasing rate of college closures, there is strong evidence to support the long-term value and financial benefit of earning a college degree (Baum et al., 2013; Webber, 2016). The median income of a person who earns a bachelor's degree is \$56,500 compared to the median income of a high school graduate, which is only \$35,300 (Baum et al., 2013). Additionally, Daly and Bengali (2014) found that, on average, when college students invested \$20,000 in tuition per year for a bachelor's degree, they could expect to earn over \$800,000 more than a high school graduate upon retirement age.

## **Upward Mobility**

Earning a college degree can accelerate the rate of upward mobility, particularly for people whose socioeconomic status or geographic location limits their access to postsecondary education (Baum et al., 2013). N. W. Hillman (2016) used a spatial lens to examine the disparity of college opportunity and access between communities based on race, ethnicity, and other socioeconomic factors. Communities that lack adequate access to postsecondary opportunities are called education deserts (Dache-Gerbino, 2018; N. W. Hillman, 2016). N. W. Hillman (2016) determined that as the percentage of Hispanic communities increased, the number of 4-year colleges within commuting distance decreased. Additionally, communities with lower higher education attainment had more 2-year colleges, whereas higher-income communities had fewer nonselective 4-year colleges.

N. W. Hillman (2016) also found that Hispanic communities living in rural and isolated areas often had strong family ties and responsibilities, making it unlikely that they would relocate outside of the area to attend a 4-year college. This issue would limit their ability to access higher education opportunities outside of their geographic areas. College deserts can disproportionately impact communities of color (Dache-Gerbino, 2018). However, when access to higher education is increased and people living in the surrounding area can earn a college degree, they achieve greater financial benefits (Baum et al., 2013).

## **Impact of Small, Private Colleges**

Chingos (2017) found that private and nonprofit colleges served about 30% of all U.S. college students enrolled at 4-year institutions across the United States. Furthermore, low-income students enroll at private colleges at nearly the same rate as at public colleges (Chingos, 2017). However, low-income students in the United States are often more likely to be

economically successful if they attend a private college than a public one (Chingos, 2017). Specifically, 32% of low-income students who enroll at a private college end up in the top 20% of the income distribution compared to only 28% of low-income students who attend a public college (Chingos, 2017). Furthermore, the likelihood of students of color completing a college degree within 6 years is 73% higher at private liberal arts colleges than at public colleges (Wagner, 2015). These findings support the argument that private colleges play an important role in providing higher education access and upward mobility to low-income students.

Evidence supports the educational benefits of attending a small, private college, including stronger student engagement, high-quality faculty interactions, and rich learner communities (Harris & Ellis, 2019; Tarrant et al., 2018). Small, specialized colleges serve an important role in the higher education landscape by providing diversity in college choices, which accommodates diverse student needs. For example, small colleges can offer specialized degree programs that meet different learning styles, have low student-to-teacher ratios, and support students through individualized services (Astin, 1999; Morphew, 2009; Pascarella et al., 2004; Tarrant et al., 2018). This personalized and intimate educational experience also positively affects student learning, persistence, and outcomes (Tarrant et al., 2018).

### **Role of Selectivity in College Failures**

The research on small, private colleges makes significant distinctions about the viability and survival of colleges based upon their selectivity (Astin & Lee, 1972; Tarrant et al., 2018). Highly-selective institutions admit less than 25% of the applicants, selective institutions admit less than 50% of applicants, and less-selective institutions admit more than 51% of applicants (Eide, 2018). Institutions with an open enrollment policy will accept all students who meet the



minimum admissions requirements, and these institutions are considered nonselective (Eide, 2018).

By definition, highly-selective colleges admit and enroll a very limited number of students (Eide, 2018). This excludes many students who then rely on selective, less-selective, or nonselective colleges and universities for their postsecondary education. Small, less-selective colleges fill a need for large populations of students, including low-income and underserved students, providing them with access to higher education and the prospect of upward mobility (Tarrant et al., 2018). Many small, less-selective institutions have successfully supported, retained, and graduated their students, making the survival of small, private colleges valuable to the higher education landscape (Tarrant et al., 2018). For example, historically Black colleges and universities (HBCUs) have long served low-income, Black students and communities by offering access to a high-quality college education (Fessenden, 2017; Price et al., 2011). Enrollment at HBCUs has been declining since 1976, when 18% of Black students attended an HBCU, compared to 2014, when only 8% of Black students enrolled at an HBCU (Fessenden, 2017).

### **Impact of Less-Selective Colleges Failing**

The gradual reduction of the number of less-selective institutions is troubling because traditionally underserved populations will have fewer higher education options (Tarrant et al., 2018). For example, Gonzales (2013) used in-depth interviews and survey comments to understand how tenure-line faculty members made sense of their university's (pseudonym SWU) efforts to attain "Tier One" status. SWU was a regional, teaching-focused, Hispanic serving institution located on the U.S./Mexico border. The administration began efforts to reposition SWU as a Tier One institution by creating slogans, such as "We will do Tier One the South West

Way,” to introduce the idea without abandoning its mission of providing access, high-quality teaching, and student-centeredness (Gonzales, 2013). SWU faculty could only conceptualize SWU as Tier One from the institutional field of higher education and spurned the administration’s assertion that they would achieve Tier One the SWU way. This finding highlighted a disconnect between administration communication and faculty perception. Gonzales (2013) suggested that the likely consequence of SWU becoming more selective as it pursued Tier One status would be less access for the marginalized community SWU had historically served.

Another significant factor contributing to struggling or failing small, private colleges is that they do not have access to the same nontuition financial resources as wealthier colleges, such as large endowments or federal research grants (Eide, 2018; Gitter et al., 2018). For example, the median per-capita endowment for highly-selective institutions is \$365,514, whereas the median per-capita endowment for less-selective institutions is \$20,431 (Eide, 2018). Because highly-selective institutions have access to more resources, they are less at risk of closing regardless of their size. This contrasts with less-selective institutions, where size is a factor, leaving smaller colleges at a higher risk of closing (Fessenden, 2017).

### **Statement of the Problem**

Declining student enrollment, stagnant contributed income, and excessive debt have increased financial pressures on the higher education sector (Carey, 2014; Eide, 2018; Supplee, 2014). Presidents and leaders at small, private institutions are increasingly concerned because they are tuition-dependent and have not identified alternative revenue streams (Carey, 2014). Small colleges and universities have been particularly challenged since the 2007 Great Recession when endowment values and contributed income dropped, competition between private and

public institutions intensified, and the financial needs of families increased (Carey, 2014; Eide, 2018; Weisbrod & Asch, 2010).

This chapter examines the factors associated with the financial challenges and subsequent decline of small, private nonprofit colleges at risk of closing. Small, private colleges are highly tuition-dependent, making declining enrollment the most significant factor in college closures (Bates & Santerre, 2000; Jalal & Khaksari, 2019; Stowe & Komasa, 2016). Additional non-enrollment-related factors include rising operating costs, lack of revenue diversification, poor economies of scale, small endowments and donor contributions, and escalating debt (Eaton et al., 2016; Weisbrod & Asch, 2010).

### **Theoretical Framework**

Developed by Pfeffer and Salancik (1978), resource dependence theory (RDT) describes organizations as open systems dependent on resources found within the external environment (Fowles, 2014; A. J. Hillman et al., 2009). As an open system, Pfeffer and Salancik (1978) argued that institutions need to understand the environment in which they are situated in order to adapt organizational behavior in response to changes in this environment. Organizations depend on these external resources to support their mission and operations (Ritchie & Eastwood, 2006). However, when institutions depend on narrowly defined or limited resources for revenue, such as tuition from enrollment for undergraduate degree programs, the institution is at risk if that resource contracts (Jaquette, 2013; Milkovich, 2016).

Small, private colleges often serve a regional market or offer specialized degree programs, making them vulnerable to changes in external behaviors or demographics (Grawe, 2018). The evolving, sometimes deteriorating relationship between institutions and their dependence on limited environmental resources can create volatility (Supplee, 2014). If there is a

shift in regional demographics or student demand for the degree offerings recedes, student enrollment can go down, creating a scarcity of resources (Grawe, 2018; K. K. Powell & Rey, 2015). Because it is an open systems theory, RDT does not focus singularly on the organization's internal dynamics but rather on the relationship between the organization and the resources found in the external environment upon which the organization depends (Fowles, 2014). Malatesta and Smith (2014) described this as a power dynamic, in which the power the resource has over the organization is equal to the dependence the organization has on the resource.

Revenue diversification at a college can minimize revenue dependence on a single source and reduce external influences and power held by the narrow source (Pfeffer & Salancik, 1978; Webb, 2015). Revenue diversification refers to new initiatives colleges pursue to create additional revenue streams (Delaney & Kearney, 2016). Many small, private colleges rely on tuition and fees for more than two-thirds of their revenue (Chabotar, 2010). However, revenue diversification can be a viable strategy for reducing risk and maintaining organizational stability (Carroll & Stater, 2009).

RDT is an effective framework for this study because it outlines how the behavior of a college is influenced by the availability of external resources, such as students or donors (Fowles, 2014; Webb, 2015). It also allows for the possibility that leadership within an organization can initiate actions to diversify revenue streams, reducing dependence on limited environmental resources (A. J. Hillman et al., 2009). Therefore, small, private colleges can stabilize revenues, and allow for increased organizational resilience by actively pursuing revenue diversification (Carroll & Stater, 2009).

In looking at the organizational response to declining state appropriations at public universities, K. K. Powell and Rey (2015) used the following three key themes of RDT:

- environmental influences on institutions,
- institutional attempts to manage environmental limitations, and
- environmental limitations affecting internal institutional dynamics.

Although K. K. Powell and Rey (2015) used this framework to understand public higher education behaviors, these three themes are useful for examining organizational responses at small, private colleges when confronted with a decline in external resources. These three themes account for the decline in external resources, the actions colleges take in response to the decline, and the influence this phenomenon has on internal organizational behavior (K. K. Powell & Rey, 2015).

### **Review of the Literature**

In 1972, Astin and Lee published a report commissioned by the Carnegie Commission on Higher Education, in which they classified 491 small, less-selective private colleges as “invisible colleges” (Tarrant et al., 2018, p. 342). Astin and Lee (1972) intentionally selected the term invisible to describe these institutions because they were more obscure and relatively unknown. The findings in the report determined that many of the invisible colleges exhibited factors that put them at risk of closing. The significance of their findings was notable because the report included such a high percentage of overall colleges that were at risk of failing (Tarrant et al., 2018). Specifically, the number of small, less-selective colleges described in the report accounted for almost one-third of total enrollment at 4-year institutions in the United States (Tarrant et al., 2018). Tarrant et al. (2018) researched the status of the 491 colleges included in the report and determined that, while 411 were still open in some form, only 354 were still operating independently as private, nonprofit, 4-year institutions. The remaining 137 invisible

colleges had closed (16.3%), merged (7.1%), or significantly changed their institutional profiles and no longer met the criteria of the initial study (4.4%).

The Carnegie Commission on Higher Education developed the Carnegie Classification in 1970 to support higher education's research and policy analysis (The Carnegie Classification of Institutions of Higher Education [CCIHE], n.d.). These classifications were derived from empirical data on colleges and universities and are widely used in studies on higher education. The CCIHE (n.d.) defined very small institutions as having a full-time equivalent (FTE) enrollment of less than 500 and small institutions as having an FTE enrollment of 500 to 1,999 (CCIHE, n.d.).

The National Center for Education Statistics (NCES, n.d.) defined FTE enrollment as the number of full-time students enrolled. Undergraduate students enrolled in 12 or more units per semester or quarter are considered full-time (NCES, n.d.). The FTE for part-time students is calculated using a formula and includes the number of part-time students multiplied by 0.39. Schools calculate their FTE enrollment by adding the number of full-time students and the combined percentage of part-time students equaling full-time (NCES, n.d.).

Empirical research has established the challenges, turnarounds, and failures of small, private liberal arts colleges (Bacow & Bowen, 2015; V. Baker & Baldwin, 2015; Breneman, 1990; Stimpert, 2004; Tarrant et al., 2018). Interested in understanding the future of liberal arts colleges, Breneman (1990) discovered that, out of 540 colleges classified as liberal arts by the Carnegie Foundation Classification, only 212 met the criteria of a liberal arts college. He defined liberal arts colleges as 4-year residential baccalaureate colleges enrolling between 800 to 1,800 students. Additionally, liberal arts colleges offer programs in the arts and sciences, not professional degrees, and have unique missions. In response to the increase in student demand

for more professional degrees, Breneman (1990) determined that many of the original 540 liberal arts colleges changed focus by broadening their program offerings to include professional degrees. Based on the research, he concluded that liberal arts colleges had not failed financially and closed but shifted their identity and evolved into small, professional colleges (Breneman, 1990).

Faced with declining enrollment, many liberal arts colleges have expanded their degree offerings beyond the traditional flagship liberal arts programs by adding new graduate and professional programs to bolster enrollment and generate additional resources (Jaquette, 2013; Miller, 2019). In other words, using the framework of RDT, these colleges underwent an organizational change in response to shifts in the environment and the availability of resources within that environment (Pfeffer & Salancik, 1978). These environmental shifts include a decline in student demand or resources for traditional liberal arts programs in favor of programs likely to lead to professional career opportunities (Jaquette, 2013; Morpew, 2009). Miller (2019) described this organizational change as a desire to improve finances by diversifying revenue sources.

Limited and shrinking resources, such as enrollment or philanthropic support, have left small colleges in a vulnerable financial position and at risk of closing (Carey, 2014). Several factors have contributed to the problem of declining revenue to support the operations of an institution. The factors and causes discussed in this paper include declining enrollment, rises in operating costs, lack of diverse revenue streams, poor economies of scale, small endowments and donor contributions, and escalating debt.

## **Declining Enrollment**

Less-selective, tuition-dependent colleges with modest cash reserves risk failing when enrollment declines (Bates & Santerre, 2000; Carey, 2014; Fessenden, 2017). Revenue for most private colleges comes primarily from tuition, making enrollment a critical source for sustainability (Jaquette, 2013). Using Integrated Postsecondary Education Data Systems (IPEDS) data, Stowe and Komasara (2016) conducted a study in which they compared 96 colleges that had closed or merged with 1,793 colleges that matched the Carnegie classifications of the closed schools but were still open and operational. IPEDS is a series of surveys given to colleges participating in federal student aid programs and is administered annually by the NCES. Using IPEDS data and the U.S. Department of Education Federal Student Aid Reports, Stowe and Komasara (2016) determined that the median total enrollment for closed schools was one-fifth of those schools that remained open. Closed colleges had a median FTE enrollment of 171, whereas open colleges had a median FTE of 858 (Stowe & Komasara, 2016). Additionally, Stowe and Komasara (2016) determined that although the income per FTE was similar between open and closed colleges, the expenses per FTE at closed colleges were nearly twice that of open colleges. The higher cost per student at smaller colleges is largely due to a lack of economies of scale, making it more challenging for small colleges to remain stable, particularly when enrollment declines (Brinkman & Leslie, 1986; Fessenden, 2017; Stowe & Komasara, 2016).

Colleges with low selectivity are more likely to undergo an organizational change than highly selective colleges (Morphew, 2009). Low selectivity is associated with small, private colleges engaging in organizational change, such as changing their designation from college to university as a strategy for increasing their legitimacy (Morphew, 2009; Tarrant et al., 2018). Highly-selective colleges are least likely to pursue organizational change. In contrast, less-



selective colleges have a high probability of engaging in organizational changes to become more appealing to a broader student market (Jaquette, 2013). When investigating the status of the “invisible” colleges from Astin and Lee’s (1972) study, Tarrant et al. (2018) determined that an increase in selectivity was a consistent factor in the survival and persistence of the 354 invisible colleges still operating. The colleges in their study took intentional steps to become more selective by increasing applications and admitting fewer students. Stable and consistent enrollments and significant endowments allow highly selective private colleges to endure and thrive (Fessenden, 2017).

Colleges with enrollment below 1,000 are more likely to suffer continued enrollment declines than colleges with more than 1,000 students (Fessenden, 2017). From 2010 to 2014, undergraduate enrollment at 4-year colleges with over 1,000 students increased by nearly 4%; however, 4-year colleges with fewer than 1,000 students had a 15% decline in enrollment (Fessenden, 2017). The drop in tuition revenue from declining enrollment puts these small colleges under unsustainable financial pressure (Carey, 2014). The underlying factors contributing to enrollment declines discussed next include the impact of the Great Recession, rising tuition, increasing operating costs, shifting demographics, demand for professional degrees, and increased competition from public institutions.

### ***COVID-19 Impact on College Enrollment***

This historical case study was timely given the detrimental impact of COVID-19 on college enrollment across the United States beginning in spring 2020. For tuition-dependent colleges, with characteristics similar to Weldon College, COVID-19 has led to unexpected enrollment declines that have exacerbated existing financial challenges (P. Baker et al., 2020). For example, for fall 2020, nationally, there was an overall 13% decline from fall 2019 in first-

year student enrollment, including a nearly 19% decline in enrollment at community colleges (Sedmak, 2020). Further disaggregation of this data shows that overall enrollment fell by 8.5% from fall 2019 to fall 2020 for private, nonprofit colleges (Sedmak, 2020).

### ***COVID-19 Impact on FAFSA Filing***

Students pursuing postsecondary education must complete the Free Application for Federal Student Aid (FAFSA) to become eligible for most financial aid forms. For low-income students, postsecondary education is often attainable only if they can access the grants and student loans available through filing the FAFSA (McKinney & Novak, 2014; Smith-Barrow, 2020). Colleges across the country also saw a decline in the number of students completing their fall 2020 FAFSAs, which was disproportionately evident for Black and Latino students, where there was the greatest drop in FAFSA filings (Gurantz & Wielga, 2021; Jaschik, 2020a). This pattern likely contributed to lower college attendance, with data reported by the National Student Clearinghouse showing that for fall 2020, 7.5% fewer first-year Black students and 5.4% fewer first-year Latino students enrolled in college than in fall 2019 (Sedmak, 2020).

The decline in FAFSA filings continued into fall 2020 and further impacted college enrollment for fall 2021. The steepest decline in FAFSA filing for the 2021 academic year was 18.5% at Title 1-eligible schools, which receive additional funding because at least 40% of the students are from low-income families. Students from Title-1 schools are likely to need financial aid to enroll in college (Smith-Barrow, 2020). The long-term impact of this phenomenon is that Black and Latino students who do not complete their FAFSA will be less likely to enroll in postsecondary education and achieve the financial and social benefits associated with earning a college degree (Gurantz & Wielga, 2021; McKinney & Novak, 2014). The overall decline in

college enrollment will also have implications for tuition-dependent colleges due to worsening financial conditions (P. Baker et al., 2020).

### ***The Great Recession***

After the 2007 economic recession, small colleges suffered as endowment values decreased, philanthropic support waned, and the demand for more financial aid from families increased (Carey, 2014; Chabotar, 2010). As the economy suffered, many low- and middle-class families no longer had the necessary resources to send their children to college, particularly private colleges with higher tuition than public colleges (Dorantes & Low, 2016). This decline in student demand led to decreases in revenue, particularly for tuition-dependent institutions (Moran, 2016). In fact, enrollment at colleges with low selectivity decreased by 15% between 2010 and 2014 (Fessenden, 2017). Many small, private colleges increased tuition by approximately 4.5% to make up for lost revenue from enrollment (Desrochers & Wellman, 2010). However, the immediate economic impact of the Great Recession meant that most families still had increased financial needs, so colleges needed to offer more college-funded scholarships and grants to maintain enrollment numbers (Chabotar, 2010; Ehrenberg, 2012; Supplee, 2014). The result is that the additional revenue generated from the tuition increase was offset by the additional institutional financial aid, leaving minimal, if any, increases in net tuition revenue (Ehrenberg, 2012).

Fundraising also declined after the 2007 recession, specifically private donations to colleges decreased by 12% following the recession (Chabotar, 2010). The impact of the 2007 economic recession also left families questioning the value of private college education, leading more students to enroll in less expensive, in-state, public institutions (Hilbun & Mamiseishvili, 2016). There was not only a decline in the ability to pay for a private college education, but also

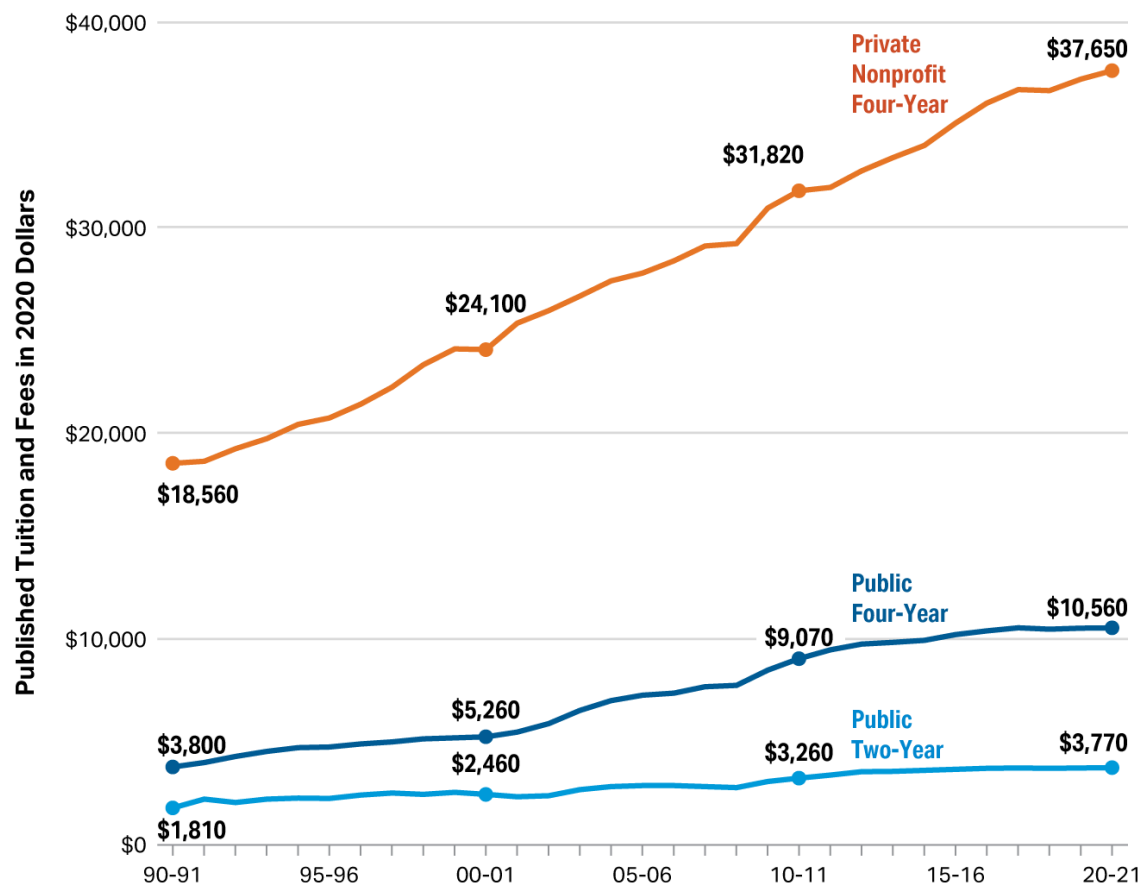
in the willingness of families, as they became more cost-sensitive and debt averse than before (Ward, 2016).

### ***Rising Tuition and Cost Sensitivity***

Rising college costs and high student loan debt represent growing concerns among prospective students and their parents (Eaton et al., 2016; Houle, 2014; Thelin, 2015). Even as federal financial aid funding remained relatively flat, college costs for students rose between 2000 and 2014 (Fincher & Katsinas, 2017). The Higher Education Price Index (HEPI) measures the changes in goods and services consumed by institutions, making it an effective indicator of increases in college costs (B. A. Powell et al., 2012). As measured by HEPI, the cost of a college education surpassed the inflation rate each year between 1996 and 2007 (B. A. Powell et al., 2012). Additionally, HEPI surpassed the inflation rate for all but 11 of the 48 years since its formation (B. A. Powell et al., 2012). As shown in Figure 1.1, since 1990, tuition increases have been higher at private nonprofits than at public 4-year or 2-year institutions (Bransberger et al., 2020).

**Figure 1.1**

*Tuition Increases by Institution Type Between 1990 and 2020*



*Note.* From *Trends in College Pricing*, by College Board, 2020 (<https://research.collegeboard.org/trends/college-pricing>). Copyright 2020 by College Board.

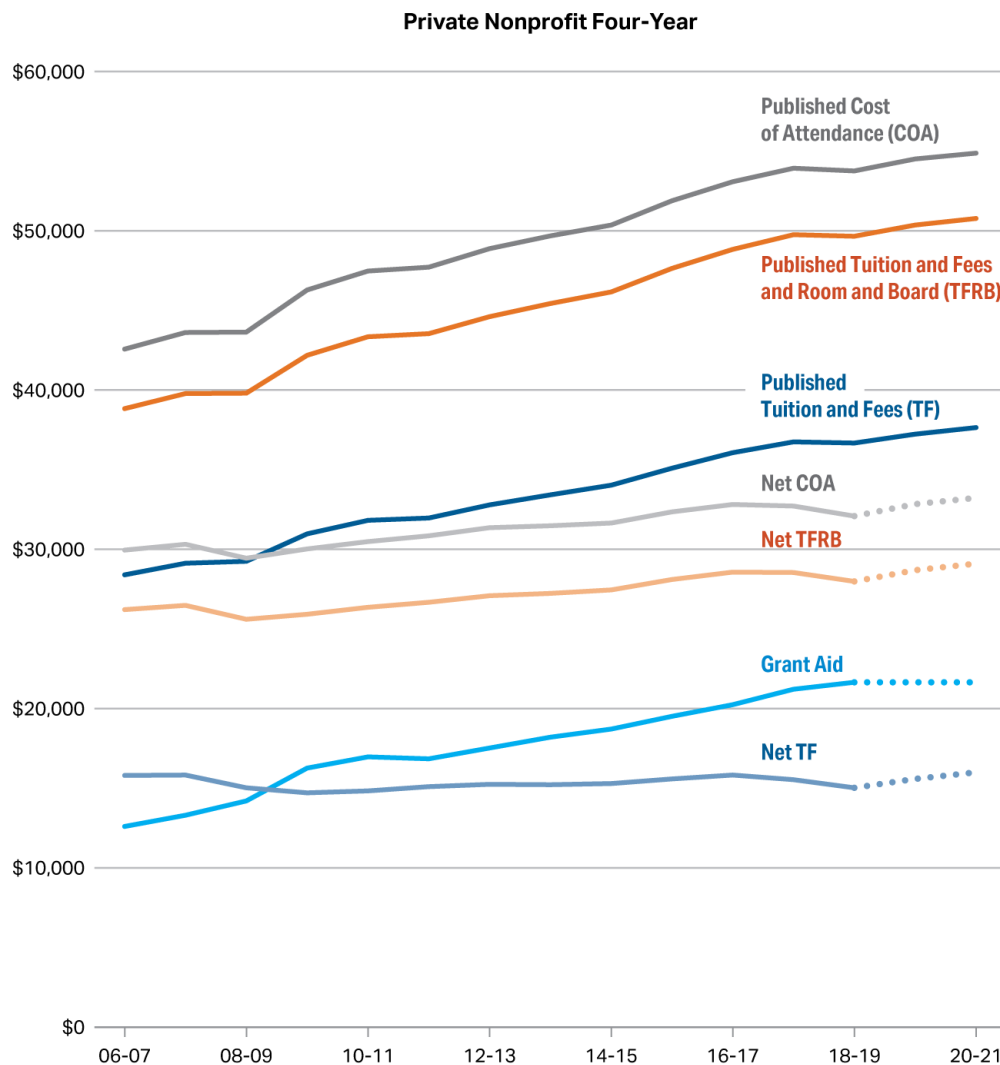
Up until 2005, the average rate of annual college tuition increases was over 7% per year, while the rate of price increases for goods and services was about 4% (Bundick & Pollard, 2019). Less-selective colleges that are financially struggling may raise tuition to increase revenue, but the student demand at these colleges has high elasticity, meaning any tuition increase may lead to enrollment declines (Bates & Santerre, 2000; Gitter et al., 2018). For example, Gitter et al. (2018) determined that, when less-selective colleges raised tuition 1% over inflation, they experienced a nearly 4% decline in first-year student enrollment.

**College Net Cost.** More important than colleges' published tuition prices is the student's net cost. Net cost is calculated by taking the tuition and fees and subtracting all gift aid from state, federal, and institutional sources (Barr & Turner, 2013). All forms of gift aid are nonrepayable, meaning students do not have to repay gift aid to the originator of the funds. Nonrepayable financial aid is intended to create a differential in the net cost to students, with more affluent students paying a higher net cost than low-income students (Supplee, 2014). Furthermore, middle-income families do not have the high-income levels needed to pay college costs out-of-pocket, but the income they do make disqualifies them for much of the nonrepayable aid (Barr & Turner, 2013).

Middle-class families tend to be the most price sensitive, with cost being a significant determinant in college choices (Curs & Singell, 2010). However, as discussed in the previous section, after the Great Recession, many colleges and universities implemented steady increases in their tuition while also increasing their discount rates in order to offset the net cost to families financially impacted by the recession. Figure 1.2 shows how the net cost of private colleges has remained relatively flat since the Great Recession (Bransberger et al., 2020). This figure suggests that, although the published tuition rates have increased, net tuition revenue for institutions has remained flat.

**Figure 1.2**

*Published Cost of Attendance Versus Net Cost of Attendance Between 2006 and 2020*



*Note.* From *Trends in College Pricing*, by College Board, 2020

(<https://research.collegeboard.org/trends/college-pricing>). Copyright 2020 by College Board.

The net cost of annual college tuition is similar regardless of the selectivity of the institution, even though the published price for tuition is generally higher at highly-selective institutions (Eide, 2018). The median published tuition at highly-selective colleges is \$64,683; however, after nonrepayable financial aid is applied, the median average net tuition for highly-selective institutions is \$23,961 (Eide, 2018). The median published tuition at less-selective

institutions is \$44,000, but after nonrepayable financial aid is awarded, the median average net tuition is \$22,877 (Eide, 2018). Therefore, students commonly pay the same at a highly-selective college as a less-selective college. Even though cost can be a factor in a student's college choice, price sensitivity increases at less-selective institutions because students do not perceive less-selective institutions to be as prestigious as highly-selective institutions (Eide, 2018). Students are more willing to pay higher tuition at more selective and prestigious colleges than at less selective ones.

With student loan debt in the United States now exceeding \$1.3 trillion, college-aged students are more cautious about amassing debt to pay for a college education (Selingo, 2018). This attitude limits how much colleges can raise tuition and may also limit the pool of students willing to pay the current net tuition price (Fincher & Katsinas, 2017). Concerns about student loan debt have influenced college choice decisions. Students, who decided not to attend a private college that was their first choice in favor of a less expensive option, cited cost-related factors 41% of the time (Seltzer, 2017).

**Increases in Institutional Tuition Discounts.** Related to college net costs is the concept of institutional discount rates. The tuition discount rate of a college is the percentage of tuition dollars that a college returns to students in the form of merit- or need-based institutional financial aid (Ehrenberg, 2012). Colleges use tuition discounting as a strategy for increasing enrollment while carefully controlling net tuition revenue. Tuition discounting enables colleges to attract and recruit more students by using institutional financial aid to discount the published tuition rate and decrease the net cost for students (Jalal & Khaksari, 2019). Wealthy, private institutions use the returns from their substantial endowments to fund a large portion of their institutional aid;



however, tuition-dependent, private colleges rely on tuition revenue to fund their institutional financial aid (Ehrenberg, 2012).

As discussed earlier, small struggling colleges may increase their discount rates to attract more students and increase enrollment (Supplee, 2014). However, colleges must find additional revenue to offset the increase in institutional financial aid, making this a financially risky enrollment strategy (Fessenden, 2017). The National Association of College and University Business Officers (NACUBO, 2018) found that in the United States, the average tuition discount rate for first-time students was 51.2%, and the average discount rate for all undergraduates, including transfer students, was 46% (Whitford, 2020). With half of every tuition dollar going back to students through college scholarships, grants, and fellowships, there is less revenue to fund the operating budget.

Additionally, Moran (2016) found that heavy tuition discounting did not always result in increased enrollments. Even when colleges leveraged internal funds to increase tuition discounts, some struggling colleges still failed to increase enrollment, and the loss in revenue forced them to close (Moran, 2016). Furthermore, colleges often adjust for the increased discount rates by reducing funding for necessary student services, such as advising and course instruction (Supplee, 2014).

### ***Declining Number of High School Graduates***

Using RDT as a framework, Milliken (1990) described an environmental niche as being in a state of decline when the environmental resources contract or resources change.

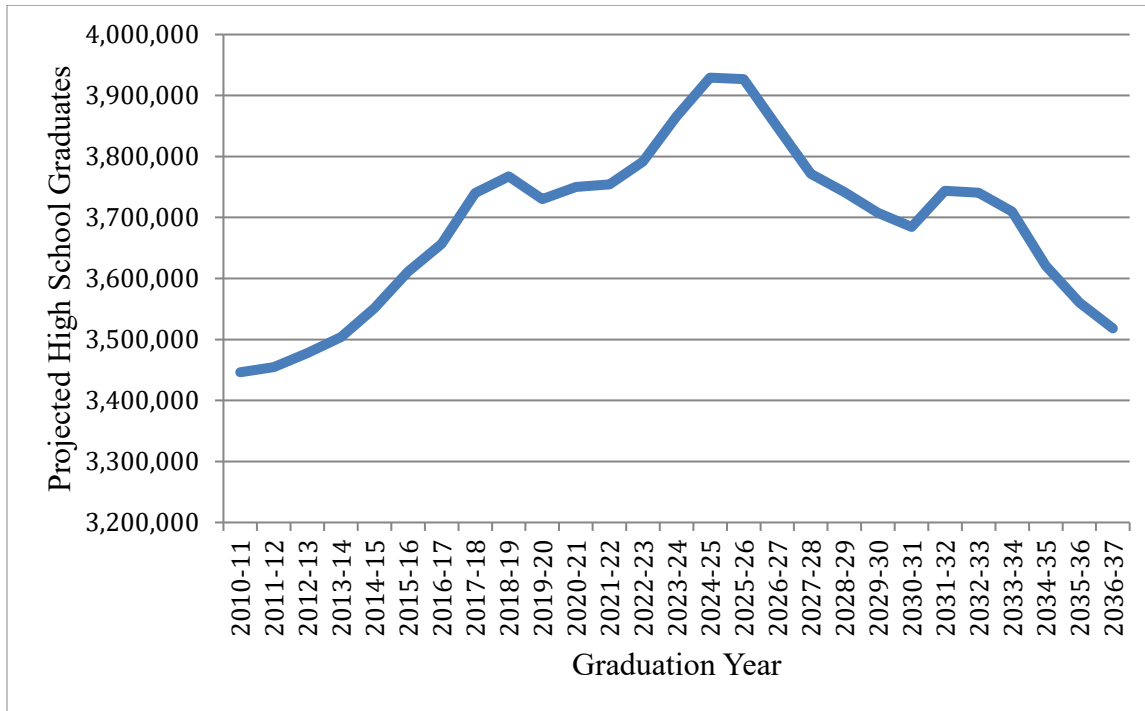
Furthermore, Milliken discussed how colleges heavily dependent on traditional college-aged students for revenue would be most significantly impacted when the numbers of students in this demographic declined. The number of births in the United States has declined since the 2008

financial crisis when the total fertility rate dropped by 15% between 2007 and 2016 (Barshay, 2018; Grawe, 2018). The decline in births is most notable in areas such as the Northeast and portions of the Midwest, where there has historically been a high attachment to higher education attainment (Grawe, 2018). Although there will be population growth in some parts of the United States, that growth will happen in parts of the country where there have been lower levels of college attainment. Furthermore, Grawe (2018) predicted an overall 10% decline in college enrollments by the end of the 2020s, with less-selective institutions ranked outside of the top 100 by *U.S. News and World Report* being most impacted by this decline.

The Western Interstate Commission for Higher Education (WICHE, 2020) is a regional, nonprofit organization that aims to increase access to higher education and support student success. WICHE supports college planning by predicting the number of high school graduates. The number of first graders starting school in 2019 compared to the number of first graders in 2013 is expected to decline by 8.5% (Barshay, 2018). This decline in first graders will subsequently impact the number of high school graduates, as shown in Figure 1.3.

**Figure 1.3**

*Expected Numbers of High School Graduates*



*Note.* From *Knocking at the College Door. Projections of High School Graduate*, by Western Interstate Commission for Higher Education, 2020 (<https://knocking.wiche.edu/wp-content/uploads/sites/10/2020/12/Knocking-pdf-for-website.pdf>).

Currently, the percentage of high school graduates who pursue higher education has remained relatively stable at nearly 70%. However, as state demographics shift, this percentage may decline, leaving even fewer college-aged and college-bound students for institutions to recruit (Selingo, 2018). However, Grawe (2018) argued that the opposite could happen, given that parents' educational attainment was a strong predictor of student college attendance. In fact, less than 50% of students whose parents did not complete high school enrolled in college, compared to almost 90% of students with at least one parent holding a bachelor's degree enrolling in college (Grawe, 2018). This finding was significant because the percentage of high school graduates who enrolled in college increased from 45% in 1960 to almost 70% in 2016

(NCES, 2017). Therefore, the increase in parental college attendance could be a strong predictor of increases in college-bound students (Grawe, 2018).

### ***Demand for Professional Degrees***

Higher education experts have made alarming predictions about the fate of small, private colleges, suggesting the steep enrollment declines at less-selective colleges will result in more of these colleges closing in the coming years (Bates & Santerre, 2000; Eide, 2018). To temper the effects of declining enrollment, many schools have changed their organizational template by offering new programs, changing the curricula, and altering their missions (Jaquette, 2013). These colleges begin by understanding the nature of their dependence on a specialized student market and then seek to reduce their dependence by implementing strategies to expand their resources (Malatesta & Smith, 2014).

Additionally, students and their parents are seeking colleges with professional degree programs that will lead to strong employment opportunities (Hilbun & Mamiseishvili, 2016). Under pressure from these market demands, many liberal arts colleges have responded by evolving into small professional colleges (Breneman, 1990; Haberberger, 2018). Students are increasingly vocationally oriented as the job market demands a more specialized and highly skilled workforce (Haberberger, 2018). However, Haberberger (2018) suggested that adopting professional degree programs by small liberal arts colleges was an acceptable deviation from traditional liberal arts programs as long as the values of a liberal education remained intact. She further argued that the real threat to liberal arts colleges was that colleges in other Carnegie Classification groups had adopted characteristics historically unique to liberal arts colleges, thus diminishing the uniqueness of a liberal arts education. Therefore, liberal arts colleges should not abandon their missions and core pedagogical principles by becoming more professionally

focused; instead, they should distinguish themselves from the crowded higher education market (Haberberger, 2018).

### ***Increased Competition From Public Universities***

Competition for out-of-state students has increased as state appropriations for public colleges and universities have stagnated (Cheslock & Gianneschi, 2008; Fowles, 2014; Jaquette & Curs, 2015). However, the problem was exacerbated after the Great Recession, when the percentage of state funding for most public colleges and universities declined between 7% to 8% (Desrochers & Wellman, 2010). Many public institutions responded by raising tuition approximately 4.5%, thereby increasing their dependence on tuition revenue to pay operating expenses (Desrochers & Wellman, 2010). Public institutions have responded to the decline in state funding and the increased need for tuition revenue by more aggressively recruiting students, particularly out-of-state students who pay higher tuition rates than in-state students (Eide, 2018).

RDT can explain why public institutions pursue out-of-state students as a strategy for increasing revenue. RDT suggests that public higher education institutions will respond to dwindling state appropriations by seeking new revenue sources, such as tuition (Jaquette & Curs, 2015). Public colleges seek to offset declining state revenue by increasing enrollment, therefore increasing their dependence on tuition revenue (Fowles, 2014).

Jaquette and Curs (2015) studied the relationship between state appropriations and out-of-state enrollment at public institutions. The researchers found that there was a 0.27% increase in out-of-state freshmen enrollment at baccalaureate institutions when there was a 1% decline in state appropriations. This relationship was stronger for research institutions, where a 1% decline in state appropriations resulted in a 0.46% increase in out-of-state freshmen enrollment (Jaquette & Curs, 2015). Competition for students from areas where regional and private colleges draw

students has increased as more public institutions seek to increase tuition revenue by recruiting these out-of-state students.

Public institutions are also less expensive for in-state students than private colleges, with the average net cost for a public institution being \$13,300 and the average net cost for a private, nonprofit being \$25,900 (NCES, 2018). This cost differential between private and public institutions is significant and can be largely attributed to state appropriations accessed by public institutions (Jaquette & Curs, 2015). Although state support is declining and driving out-of-state recruitment, it continues to be a steady revenue source for public institutions to which private institutions do not have access.

### **Non-Enrollment Factors Contributing to Financial Instability**

In addition to enrollment declines, other factors are associated with the financial decline of small, private colleges. These factors include rising operating costs, lack of revenue diversification, poor economies of scale, small endowments and donor contributions, and escalating debt.

#### ***Rising Operational Costs***

The institutional cost per student, not to be confused with the tuition costs that students pay, continues to rise faster than inflation (Kimball, 2014). This issue has resulted in a growing gap between revenue generation and operational spending (Kimball, 2014; Wellman, 2010). Furthermore, institutions regularly implement annual tuition increases of 2% to 3% each year as a means to maintain a balanced operating budget. However, this practice of significant tuition increases conflicts with the growing pressure to increase accessibility and affordability, particularly for low-income students (Wellman, 2010).

Within the literature, two predominant theories attempt to understand the rapidly rising higher education costs. The first is H. R. Bowen's (1980) revenue theory of costs, and the second is Baumol and Bowen's (1966) theory of cost disease. Following is a discussion of both theories.

**Revenue Theory of Costs.** First, H. R. Bowen's (1980) revenue theory of costs states that institutions determine their costs based on projected revenue, and when that revenue increases, the cost increases (Archibald & Feldman, 2008). Furthermore, institutional leaders will pursue the funds necessary to maintain excellence and fulfill the mission (Dorantes & Low, 2016). However, there is often little understanding of how steady tuition increases used to improve outcomes and effectiveness impact college access and affordability (B. A. Powell et al., 2012).

H. R. Bowen (1980) developed this theoretical framework after the rise of the "free money" strategy introduced in the 1920s by Harvard's president Charles Eliot. The "free money" strategy involves spending all available revenue to justify raising more, particularly through fundraising (Kimball & Luke, 2016). Although there was a decline in costs between 1875 and 1930, the free money strategy proliferated after the 1920s and helps to explain the increase in costs, supporting H. R. Bowen's (1980) revenue theory of cost as an explanation for the increase in higher education costs (Kimball & Luke, 2016).

**Theory of Cost Disease.** Second, Baumol and Bowen (1966) developed the theory of cost disease to explain cost increases in the performing arts industry. When W. G. Bowen (2012) became president of Princeton University, he applied the theory of cost disease to explain cost escalation in private research universities (Kimball & Luke, 2016). The theory indicates that higher education is a labor-intensive industry with a labor productivity problem. Even with technological improvements, the costs continue to escalate because there is no growth in

productivity, even as salaries have increased (Baumol & Bowen, 1966; Kimball & Luke, 2016). Furthermore, the theory states that labor costs cannot be reduced without compromising the quality of education (Wellman, 2010). Although the revenue theory of costs is specific to particularities within higher education, the cost disease theory is based on commonalities between higher education and other industries (Archibald & Feldman, 2008).

A review of the literature finds empirical evidence supporting both theories (Archibald & Feldman, 2008; Kimball & Luke, 2016). Kimball and Luke (2016) developed a method to measure and understand the change in college costs between 1875 and 1930. The researchers then compared their findings to the two leading theories on rising higher education costs: W. G. Bowen's (2012) revenue theory of cost and Baumol and Bowen's (1966) cost disease theory (Kimball & Luke, 2016). The results of Kimball and Luke's (2016) study showed that between 1875 to 1930, even as enrollments increased, the per capita cost of higher education declined. This finding challenges W. G. Bowen's (2012) theory of cost disease but does support the findings of H. R. Bowen's (1980) revenue theory of cost (Kimball & Luke, 2016).

However, Archibald and Feldman (2008) concluded that the theory of cost disease best addressed the rising cost of higher education because it followed a pattern similar to other service industries that also relied on a highly educated labor force. Higher education institutions allocate approximately 80% of their operating budget to labor costs, suggesting that institutions reliant upon a skilled labor force may need to increase tuition as labor costs increase (Bundick & Pollard, 2019). Although tuition increases may be necessary to meet rising labor costs, they can result in small, private colleges pricing themselves out of the market (Eide, 2018).



### ***Lack of Revenue Diversification***

Given that environmental changes can threaten existing revenue streams, such as enrollment, colleges can mitigate that threat by diversifying revenue streams to reduce their reliance on that revenue source (Carroll & Stater, 2009). Using RDT as a framework, institutions applying this strategy can protect the continuity of funding when environmental conditions shift (Webb, 2015). In fact, institutions of higher education that pursue, maintain, and control diversified revenue streams see less revenue volatility, resulting in greater financial stability (Carroll & Stater, 2009). This finding suggests that leaders at tuition-dependent colleges should be concerned about the potential volatility associated with an over-reliance on a single revenue source and should explore strategies for diversifying their revenue sources (Webb, 2015).

### ***Poor Economies of Scale***

The smaller the student enrollment and endowment size, the greater the likelihood that a college may fail (Fessenden, 2017). Although all colleges have fixed expenses, regardless of size, large colleges can disburse the financial burden of these fixed costs over a larger student population (Fessenden, 2017). Therefore, colleges with a large student body achieve greater economies of scale. Colleges reach economies of scale with 2,000 or more students (Brinkman & Leslie, 1986).

Significant economies of scale are most likely to occur at larger institutions (Brinkman & Leslie, 1986). Brinkman and Leslie (1986) found that with a three- to four-fold increase in enrollment at 4-year institutions, the cost per student decreased by 25%. Additionally, the researchers determined that the cost per student was significantly higher for institutions with fewer than 500 students. The cost per student at colleges of that size could be 30% to 40% higher than at larger institutions (Brinkman & Leslie, 1986). The higher cost per student puts additional

financial constraints on small institutions, making them even more vulnerable to financial instability than other colleges.

### ***Small Endowments and Declining Donor Contributions***

The size of an institution's endowment is often the strongest indicator of its financial strength (Cheslock, 2006; Supplee, 2014). In a report issued by NACUBO (2019), they found that the amount of endowment funds used to support institutional operations had increased, with endowment returns now funding approximately 10% of an institution's operating budget. However, endowment values at most colleges were down significantly, leaving less revenue to support the operating budget (B. A. Powell et al., 2012).

Less-selective private colleges have small endowments and fewer financial resources, leaving them in greater jeopardy when the value of their endowment declines (Eide, 2018). The median per-capita endowment for less selective private colleges is \$20,431 (Eide, 2018). In stark contrast, the median per-capita endowment for highly selective private colleges is \$365,514 (Eide, 2018). Additionally, a disproportionately small number of private, highly selective institutions hold the highest cash reserves, with the top 25% of private colleges and universities in the United States holding 85% of total cash and investments (Selingo, 2018).

Private, nonprofit colleges also depend on annual contributed income to help fund the operating budget. On average, contributed income accounts for 15% of the total revenue for most colleges; however, in 2008, donations to colleges declined by nearly 6% (Weisbrod & Asch, 2010). Private colleges seeking to reduce their dependence on the single revenue source of enrollment may pursue donors for unrestricted funds, even within a competitive environment (Wright & Bocarnea, 2007).

Cheslock and Gianneschi (2008) looked at how a reduction in state appropriations for public colleges and universities might influence fundraising efforts. Using RDT, the researchers wanted to understand how an institution might pivot its focus on a different resource, such as contributed income, when another resource, such as state appropriations, had declined. The results showed that although there was an increase in private donations to some public institutions, there was dramatic inequity, with more selective institutions receiving a higher percentage of overall donations. Their findings also suggested that the inequity of donations across institutional selectivity increased financial stratification, creating greater educational inequities across student ability or family background. This imbalance also made it more challenging for less selective, tuition-dependent institutions to diversify their revenue sources and reduce their dependence on tuition.

### ***Increasing Debt Levels***

Small, private colleges with limited market share may take on long-term debt to invest in short-term strategies (Ward, 2016). These strategies could include new or improved facilities or other capital improvements intended to attract more students. If the short-term strategies are unsuccessful and do not yield the desired result, institutions will struggle to service the debt, creating instability, which could lead to closure (Ward, 2016). Colleges that become financially unsustainable and close have higher levels of debt relative to the number of students enrolled than other stable and operational colleges (Stowe & Komasara, 2016). The closed colleges also had low enrollments, but the higher expense and debt per student hindered their ability to achieve greater economies of scale (Stowe & Komasara, 2016).

Using IPEDS data, Lyken-Segosebe and Shepherd (2013) identified 57 four-year colleges that closed between 2004 and 2013. All of the 57 closed colleges were small, with an average of

377 students, and had debt liabilities averaging \$29.5 million, which was five times the amount of other small but financially stable colleges (Lyken-Segosebe & Shepherd, 2013). The findings of Lyken-Segosebe and Shepherd's (2013) study outline the risks associated with long-term debt for small, highly tuition-dependent colleges. Colleges that have made successful turnarounds have leveraged several strategies, including a reduction in organizational debt (Carey, 2014).

### **Conclusion**

Enrollment is the lifeline of all higher education institutions; for small, tuition-dependent private institutions, any decline in enrollment can have dire financial consequences (Carey, 2014; Fessenden, 2017; Stowe & Komasara, 2016). Many small private colleges have limited access to nontuition revenue, such as large endowments or philanthropic support, which cause additional financial strain (Eide, 2018). The factors and causes discussed in this paper included declining enrollment and its contributing factors, growing operating costs, lack of revenue diversification, diminished economies of scale, small endowments and donor contributions, and escalating debt.

The theoretical framework, RDT, provided an explanation as to why some small, private colleges failed when dependent on a niche segment of the student population. Those colleges with a narrow pool of prospective students may experience financial decline and organizational failure when that single resource declines. When this occurs, those institutions enter a crisis. Many factors discussed in Chapter 1 were external; thus, the researcher now considers internal responses by leaders to decline and crisis. Therefore, the next chapter provides the reader with a deeper understanding of leadership, leadership competencies, organizational decline, organizational crises, sensegiving, sensemaking, and destructive leadership theories.

## **Chapter 2**

### **Leadership During Decline**

The purpose of this chapter is to give the reader a broad understanding of leadership as a construct, including in the higher education sector, and the relationship between leaders, their organizations, and their context during periods of organizational decline and organizational crisis. This research study was a historical case study of the leadership condition at Weldon College, a small, highly specialized private college during a period of enrollment surge and decline that resulted in the college closing in 2022.

The period for the study was August 2011 through December 2016, during which the college experienced historic high enrollment and financial surpluses before beginning rapid enrollment and financial decline. This time was selected because it captured the tenure of the president and the interim president emblematic of the leadership condition throughout this phenomenon. The college's final president, now resigned from the position, began his tenure in January 2017 and was responsible for the decision to suspend all enrollments in April 2020 after a failed merger attempt with a larger and financially stronger institution.

This chapter includes a review of the literature on leadership, organizational decline, crisis, and decision-making, which creates a framework for understanding leadership and aspects of organizational systems as they relate to the phenomenon at Weldon College. This empirical study fills a gap in the literature, specifically about the leadership at a failing college. The existing literature on closed colleges explores external factors associated with their failure, with little focus on internal factors, such as leadership. These external factors, which include small endowments (Eide, 2018; Gitter et al., 2018), low-enrollment numbers (Stowe & Komasa,

2016), and high debt (Ward, 2016), were evident at Weldon College and discussed in detail in Chapter 1.

However, with the increasing number of nonprofit colleges closing and the trend expected to accelerate (Seltzer, 2018), this historical case study is timely and relevant. For this study, failure was defined as a college no longer able to operate as a stand-alone institution, leaving the college to either close or merge. It is worth noting that higher education mergers have increased in frequency in the United States, as a merger offers struggling institutions an alternative to closing (Boling et al., 2017; Russell, 2019). Therefore, it is debatable whether a successful merger of two institutions should be described as a failure of the acquired college. Nonetheless, for this study, a failed institution was defined as one unable to continue operating as a stand-alone, independent college or university.

### **Enrollment Decline**

In order to provide context for Weldon College's enrollment patterns during the time period of the study, Table 2.1 shows the first-year student retention rates, new student enrollment, and continuing student enrollment from fall 2009 through fall 2019. The enrollment numbers shown were based on headcounts, and the first-year retention rates were for the cohort that had entered the previous year. The table includes data from before and after the period under study to give additional context for the institution's enrollment trends. As evidenced by Table 2.1, Weldon College's enrollment rapidly declined over several years, dropping nearly 54% between fall 2014 and fall 2019. The organizational decline led to an organizational crisis in the spring of 2020 when Weldon College announced it would not enroll new students in fall 2020.

**Table 2.1***Enrollment and Retention Rates From 2009 to 2019*

|           | New<br>students | Continuing<br>students | Total<br>enrollment | First-year<br>retention |
|-----------|-----------------|------------------------|---------------------|-------------------------|
| Fall 2009 | 195             | 350                    | 545                 | 47%                     |
| Fall 2010 | 283             | 324                    | 607                 | 65%                     |
| Fall 2011 | 308             | 356                    | 664                 | 53%                     |
| Fall 2012 | 273             | 396                    | 669                 | 63%                     |
| Fall 2013 | 271             | 409                    | 680                 | 65%                     |
| Fall 2014 | 258             | 441                    | 699                 | 69%                     |
| Fall 2015 | 225             | 374                    | 599                 | 54%                     |
| Fall 2016 | 169             | 337                    | 506                 | 49%                     |
| Fall 2017 | 141             | 292                    | 433                 | 51%                     |
| Fall 2018 | 141             | 240                    | 381                 | 59%                     |
| Fall 2019 | 97              | 229                    | 326                 | 50%                     |

*Note.* From Integrated Postsecondary Education Data System.

### **Revenue Decline**

Tuition revenue at Weldon College declined by nearly 36% between the fiscal year 2016 and the fiscal year 2018. The researcher collected the data for Table 2.1 and Table 2.2 from the IPEDS. At the time of this study, the enrollment data were available through fall 2019. However, the financial data were only available through the fiscal year 2018. Nonetheless, given that enrollment declined 25% between the fiscal year 2018 and 2020, the researcher concluded that tuition revenue continued to decline in those 2 years. Stagnant or deteriorating revenues are an indication of an institution in decline (Cameron & Smart, 1998).

**Table 2.2***Revenues, Expenses, and Endowment Values*

| Fiscal year | Total revenue | Total core revenue* | Tuition revenue | Total expenses | Percent of core revenue from tuition* | Endowment value at beginning of fiscal year |
|-------------|---------------|---------------------|-----------------|----------------|---------------------------------------|---|
| FY11        | 17,813,470    | 16,487,083          | 14,863,304      | 16,518,130     | 90%                                   | 7,218,098                                   |
| FY12        | 19,446,983    | 17,731,915          | 17,178,841      | 18,467,488     | 97%                                   | 8,232,095                                   |
| FY13        | 20,909,379    | 18,812,950          | 17,192,136      | 19,192,420     | 91%                                   | 7,649,040                                   |
| FY14        | 26,421,057    | 24,546,828          | 17,878,264      | 20,496,650     | 73% **                                | 8,090,211                                   |
| FY15        | 24,282,763    | 22,330,406          | 19,496,033      | 22,559,387     | 87%                                   | 9,313,771                                   |
| FY16        | 21,834,960    | 19,054,176          | 17,021,230      | 22,004,089     | 89%                                   | 9,453,336                                   |
| FY17        | 20,925,997    | 19,155,534          | 14,468,409      | 21,987,478     | 76%                                   | 8,847,542                                   |
| FY18        | 18,243,263    | 16,156,036          | 12,497,572      | 19,594,621     | 77%                                   | 10,332,896                                  |

*Note.* From Integrated Postsecondary Education Data System; \*Excludes revenue from auxiliary enterprises, such as residence halls; \*\*Percentage impacted by \$4.4M temporarily restricted funds raised for the capital campaign.

During the study, the institution had an endowment of less than \$10 million and a modest annual philanthropic support goal of approximately \$1 million, making tuition the primary source of revenue for the institution. Therefore, the institution relied on enrollment as its main source of revenue, and any decline in this revenue source would create financial uncertainty. For example, the percentage of core revenue, which excluded auxiliary sources such as residence halls, coming from tuition was as high as 97% in the fiscal year 2012 (Table 2.2).

Students were critical stakeholders for Weldon College, given how dependent the college was on tuition, but also because the stated mission was to provide its students with a rigorous education. Table 2.1 shows that between fall 2014 and fall 2016, the first-year student retention rate dropped from 69% to 49%. This precipitous decline in student retention resulted in a nearly 28% drop in enrollment in those 2 years, which was worth noting and exploring in this study. Hamrick et al. (2004) found that the deployment of academic and financial resources significantly predicted student retention and graduation rates. Specifically, they determined that



strategic increases in student expenditures for instruction and library expenditures increased graduation rates from between 0.80% to 0.92% (Hamrick et al., 2004). Therefore, this historical case study of Weldon College considered how decisions impacted new student enrollment and continuing student retention. Additional areas of investigation included the strategic planning process and the subsequent 2013 to 2018 Strategic Plan to better understand institutional goals and how decisions were made about resource allocation, as well as whether diversification of resources was a strategic priority.

### **Gap in the Literature**

The literature on the leadership at struggling small private colleges focuses on leaders, particularly the president, who have led successful turnarounds (Carey, 2014; Cowan, 1993; Murphy, 2010), but little literature focuses on leaders of closed colleges. Limited literature focused on how decisions were made, factors that might have contributed to the decline, and how the leadership responded to the institutional decline. Therefore, this study on Weldon College used a case study methodology to describe the leadership at the college in depth. The goal was to fill the gap in the literature about the leadership condition and decision-making process at a failed college.

Furthermore, this study was timely, given the impact of COVID-19 on college enrollment across the United States, particularly at community colleges and less-selective private colleges. Tuition-dependent colleges, with characteristics similar to Weldon College, experienced additional or unanticipated enrollment declines during COVID-19, which increased their financial instability (P. Baker et al., 2020). As discussed in Chapter 1, private, nonprofit college enrollment fell by 8.5% from fall 2019 to fall 2020 (Sedmak, 2020). The overall decline in

college enrollment could result in worsening financial conditions and could accelerate the rate of college closures and mergers (P. Baker et al., 2020).

Therefore, the purpose of this chapter is to explore the concept of leadership, crisis leadership, organizational crisis, and the decision-making process within the higher education and private sectors. This includes a discussion of entrepreneurial leadership, innovative leadership at community colleges, ethical decision-making, and poor leadership. The researcher first provides the reader with a brief discussion of one of the two theoretical frameworks used in this study: institutional theory. The other theoretical framework for this study, RDT, was discussed in Chapter 1. RDT is discussed further in Chapter 4.

### **Institutional Theory**

One of the research questions for the study asked how the leadership at Weldon College made sense of and responded to the enrollment decline. Maintaining the status quo at Weldon Colleges was insufficient, and effective change might have been necessary to stabilize enrollment. However, institutional theory can explain why institutions do not adapt or evolve, even when neglecting to do so may result in organizational failure. Institutional theory states that organizational behavior is influenced by the beliefs, principles, and norms within the organization's context (Greenwood & Hinings, 1996; Harris & Ellis, 2019). Structural changes happen in organizations in response to environmental uncertainties, resulting in homogenization over efficiency (DiMaggio & Powell, 1983).

Higher education operates in a highly institutionalized context influenced by social and political trends (Boyce, 2003). Colleges strive to maintain legitimacy by upholding norms established by the sector, placing pressure on institutions to behave as expected by internal and external constituents (Boyce, 2003; Harris & Ellis, 2019). Internal constituents may include

students, faculty, or board members while external constituents may include regulatory offices, accrediting bodies, or other colleges. Due to these external pressures, institutions are pushed towards internal changes and adopt strategies that resemble other institutions (Harris & Ellis, 2019). Therefore, colleges do not respond exclusively to market demand, but also to institutional pressures. Given this complex dynamic, institutional theory provides context and reasoning for why change is difficult within the higher education sector.

Institutions establish or maintain legitimacy by mirroring other stronger and more stable institutions (DiMaggio & Powell, 1983; Nguyen et al., 2019). Institutional theory is an effective framework for understanding the pressures placed on leaders of small colleges to respond to changing environments. Recent applications of institutional theory emphasize the significant influence that changes in the external environment have on organizational behavior (Boyce, 2003; Jaquette, 2013). One study that explored external influence on organizational change considered why certain colleges changed their organizational templates and became comprehensive universities (Jaquette, 2013). Using RDT and institutional theory, the findings of this study suggested that some less-selective colleges responded to student enrollment declines by changing their organizational templates to attract more students (Jaquette, 2013). The literature suggests that, when struggling colleges proactively and successfully embrace adaptive strategies, such as changing their organizational templates, they improve their chances of successful organizational turnarounds (Dorantes & Low, 2016; Tarrant et al., 2018).

### **Mission Drift**

Small private colleges are mission-driven, appealing to the student market with the uniqueness of their missions. However, when market demands for certain degree programs or institutional missions shift, leaders may struggle to make structural changes as a strategy for

responding to the changing market (Jaquette, 2013). For example, these colleges may resist expanding program offerings to include professional or graduate degrees because, although this may expand their market share of students, it may also fundamentally alter the institution's mission (Morphew, 2009).

However, when an organization undergoes a divergent change, such as moving from one organizational template to another organizational template, it may result in incongruence between the stated mission and the types of degree programs offered (Jaquette, 2013). When this happens, leaders at these institutions deliberately modify their curricula and mission to grow student enrollment and tuition revenue. An important example of this behavior is baccalaureate colleges that become universities. Known as "mission drift," this phenomenon occurs when colleges with declining enrollments adopt new programs that are associated with comprehensive or highly selective universities (Harris & Ellis, 2019; Jaquette, 2013). Institutional theory suggests that within similar organizational fields, institutions seek out legitimacy by becoming more similar over time (DiMaggio & Powell, 1983). Both external markets and the institutional pressures from external entities, such as leading organizations in the field or societal expectations, influence the behaviors of organizations (Greenwood & Hinings, 1996).

Adapting to pressures from the external environment can be complex in a highly institutionalized sector such as higher education. Greenwood and Hinings (1996) described the concept of an organizational template as a set of acceptable practices within a specific field. Although the organizational template exists outside of the individual organization, it still exerts influence over the behavior of the individual organization. The individual organization must adhere or appear to adhere to the practices of the organizational template to be considered legitimate (Jaquette, 2013).

Organizational change occurs either as convergent change or divergent change. Convergent change occurs when organizations in a field change behavior that is consistent with the existing organizational template (Jaquette, 2013). However, divergent change occurs when organizations move from one organizational template to another, allowing the organization to adopt new behaviors incompatible with the old organizational template (Jaquette, 2013).

### **Leadership**

The literature on successful college turnarounds discusses the critical importance of effective presidential and board leadership (Carey, 2014; Cowan, 1993; MacTaggart, 2007). Therefore, the study of leadership at Weldon College requires a deeper understanding of leadership as a construct. Furthermore, with colleges facing the looming enrollment crisis discussed in Chapter 1 (Grawe, 2018; Kelderman, 2019), less-selective regional colleges, such as Weldon College, may require entrepreneurial leadership capable of identifying and exploiting opportunities to strengthen their market positions.

### **Entrepreneurialism**

Entrepreneurs lead organizational growth by perceiving and pursuing viable opportunities (Sexton & Landstrom, 2000). Therefore, entrepreneurial leaders can effectively identify which opportunities should be pursued and, once identified, exploit those opportunities (Renko et al., 2015). Entrepreneurs should understand their social context to persuade others that the opportunity is worthwhile (Holt, 2008). Additionally, entrepreneurs use historically and culturally constructed systems of activity to make sense of opportunities that satisfy a rational drive to create a business while instilling a sense of meaningful action engagement in themselves (Holt, 2008). As the pressure increases on the higher education sector experiences to adapt or fail, the need for entrepreneurial leadership has increased (Esters et al., 2008).

Institutional entrepreneurs are individuals who identify opportunities and leverage their resources to establish new institutions or transform current ones (DiMaggio, 1988; Lammers & Garcia, 2017). Expanding on DiMaggio's (1988) idea of institutional entrepreneurship, Battilana et al. (2009) focused on institutional entrepreneurs as change agents. To be considered institutional entrepreneurs, agents must create and implement divergent changes (Battilana et al., 2009).

Given that the financial stability of many colleges is in jeopardy, presidents should act as institutional entrepreneurs in pursuit of revenue diversification or to engage in institutional transformation. Boards of trustees should identify and recruit presidents with entrepreneurial behaviors when they are undertaking a presidential search (Carey, 2014). Esters et al. (2008) conducted a study and determined that entrepreneurial presidents engaged in identifiable practices that would lead to increased alternative revenue sources. Furthermore, the researchers suggested that future college presidents must possess entrepreneurial skills in order to become successful leaders (Esters et al., 2008). One area of the higher education sector that has demonstrated noteworthy entrepreneurial leadership is community colleges.

### **Community College Leadership**

Community colleges serve an important role in workforce development in the United States, leading to innovation and entrepreneurship within the sector (Caton & Mistriner, 2016; Esters et al., 2008). When new educational and training needs were expanding, community colleges responded to this new opportunity (Phelan, 2014). Community colleges seized the opportunity to develop and expand by offering transfer and vocational education while also serving the needs of their local communities (Phelan, 2014). Furthermore, the literature on

entrepreneurial community college presidents highlights the leadership competencies they should possess to successfully drive innovation.

At community colleges, entrepreneurial presidential leadership is a factor in successfully addressing financial instability by implementing entrepreneurial practices that reverse the decline and improve the college's financial health (Esters et al., 2008). Contemporary community colleges provide a vital educational pathway for students to gain vocational training or to transfer to 4-year universities to continue their education. Community colleges serve an important role in workforce development and skilled labor placement in the United States, making this segment of the higher education sector appealing to innovative leaders (Caton & Mistriner, 2016; Esters et al., 2008). Community colleges have seized the opportunity to develop and expand their offerings to include transfer and vocational education (Phelan, 2014). The colleges were established on a strong financial model, with revenues coming from multiple sources, most notably from federal and state support. However, state funding has declined since 2008, with the states spending, on average, 16% less per student in 2017 than in 2008 (Mitchell et al., 2017). As a result, some community college leaders responded to the decrease in state budget appropriations for their colleges by pursuing alternative revenue sources (Jaquette & Curs, 2015; Phelan, 2014).

Although some community college leaders interpreted declining state funding as a threat to their viability, others saw it as an opportunity to innovate (Bakhit, 2014). Pursuing external partnerships presents one way for leaders to leverage opportunities for revenue diversification. However, leaders must ensure that these pursuits are not done at the expense of the institutional mission or risk failure (Caton & Mistriner, 2016). To avoid this issue, entrepreneurial leaders should clearly articulate the relationship between the mission or stated purpose of the college and

their innovative pursuits. Using RDT as their framework, K. K. Powell and Rey (2015) asserted that leaders of public higher education institutions should leverage changes in the economic environment and market forces to obtain and bolster their resource capacity. Furthermore, they also suggested that public colleges and community partnerships can serve local community needs while also improving the college's financial health.

## **Partnerships**

McKeon (2013) suggested that community colleges play important roles in advancing economic development enterprises. Community colleges leverage innovative partnerships with businesses within their local communities to ensure students are adequately prepared for the workforce while building pathways for student employment upon graduation (Bakhit, 2014; K. K. Powell & Rey, 2015). Community college leaders perceive external relations as important for identifying opportunities (Cejda & Jolley, 2014). With these relationships, leaders possess the power to convene potential partners in businesses, industries, and governments to cultivate an entrepreneurial culture within the institution (Cejda & Jolley, 2014).

Entrepreneurial leaders at Niagara County Community College (NCCC) pursued innovative strategies that addressed their institutional financial challenges and were responsive to the business community's needs (Caton & Mistriner, 2016). NCCC responded to the high demand for skilled workers in the local hospitality industry by developing the NCCC Culinary Institute (Caton & Mistriner, 2016). The mission of NCCC as an academic institution was the driving force for the partnership between the Culinary Institute and local industries, and this was the primary reason for its success. Furthermore, the authors of this case study concluded that replication of its success was possible if the following elements were included in the approach:

- (a) The institution was aware of its environment, (b) the proposed innovation was responsive to



the environmental needs, and (c) the institution had the effective leadership models outlined in the study (Caton & Mistriner, 2016).

Although this study provided a framework that institutions could model themselves after as they developed innovative partnership strategies, the success of this framework required entrepreneurial leaders capable of identifying and pursuing viable partnerships. Leaders must nurture and facilitate an entrepreneurial culture, using both internal and external communication strategies (Cejda & Jolley, 2014). The literature on community college leadership and the pursuit of partnerships provided insights for institutions like Weldon College that struggled to maintain their current financial and organizational models. Institutions that rely on limited sources of revenue, such as tuition, are vulnerable to potential market shifts (Pfeffer & Salancik, 1978). Therefore, entrepreneurial opportunities, such as external partnerships, offer small, tuition-dependent colleges pathways to diversifying the revenue stream, placing them in a position of strength.

### **Leadership Competencies**

To successfully meet the challenges facing small, private institutions, leaders require various professional and personal competencies. Gigliottti and Ruben (2017) argued that effective higher education leaders should integrate both vertical and horizontal competencies. Vertical competencies are position-specific and include skills or knowledge gained through experience in the field. Conversely, horizontal competencies are crosscutting and include qualities related to the individual's communication, personal, or analytical skills. In other words, effective leadership is the integration of positional competencies and personal competencies.

In their study on community college leadership, Caton and Mistriner (2016) concluded that, in order for other institutions to replicate the success found at Niagara County Community

College Culinary Institute, the institutions must adopt effective leadership models. The American Association of Community Colleges (AACC, 2005) identified six core leadership competencies as critical skills for community college presidents to possess. These six competencies were evident in the leaders at NCCC: (a) organizational strategy, (b) resource management, (c) communication, (d) collaboration, (e) community college advocacy, and (f) professionalism (Caton & Mistriner, 2016). In addition to the core competencies, the results of the case study also determined that a distributed leadership model was important because it encouraged participation by external experts, supporters, networks, and communities necessary to achieve organizational changes (Caton & Mistriner, 2016). In fact, entrepreneurial community college presidents stressed the importance of their external networks in their efforts, referencing it as an important driver in their success (Cejda & Jolley, 2014).

Although distributed leadership models typically refer to structures within a given organization (Burke, 2010), in partnership pursuits, one may conceptualize distributed leadership as extending beyond the framework of a bound system. In this situation, designated participants, such as members of the community or local businesses, serve as informal participants (Jones et al., 2014). Additionally, distributed leadership within the institution is necessary to enact radical change and transformation through the pursuit of innovation. Because stakeholders within a college, such as staff or faculty, may perceive the pursuit of partnerships as an unwelcome strategy, enacting a distributed leadership model can also lead to buy-in, collective action, and meaningful collaboration (Burke, 2010; Jones et al., 2014).

The literature on leadership also suggests that strong leadership self-efficacy positively influences individual performance and motivates followers toward improved performance (Paglis, 2010). This finding has implications for leadership development because possessing

resilient self-efficacy, even in challenging or defeating circumstances, encourages innovation and the pursuit of valuable opportunities (Bandura & Locke, 2003). Therefore, when an organization experiences a setback and failure, leaders with resilient self-efficacy are less likely to undergo downward spiraling efficacy (Machida & Schaubroeck, 2011). Rather, leaders with high self-efficacy establish difficult goals, persevere through challenges, and rigorously pursue effective strategies (McCormick, 2001).

Literature on leadership competencies and leader self-efficacy is relevant to the case study of Weldon College because some of the interview questions ask the participants their perceptions of the competencies and personal qualities of the leaders. The intention was to create a rich, thick narrative about the leadership at a declining college using the participants' stories. The college had undergone a crisis of declining enrollment and financial instability, which the leadership was unsuccessful in reversing. Therefore, this study sought to understand the individual and group decision-making process leading to and during a financial decline.

The next sections discuss the characteristics and mechanics of organizational decline in the private sector and higher education. This section includes a discussion of the stages of organizational decline and how a leader's response can lead to different outcomes. Specifically, organizational decline does not inevitably lead to failure, possibly presenting opportunities for the organization to reverse the decline.

### **Organizational Decline**

When an organization is in decline, leaders must remain aware of the internal and external factors contributing to the problem before they can formulate an appropriate response. Operational problems and incomplete information make it difficult for leaders to know that there is a problem, let alone what the appropriate response should be (Cowan, 1993). Furthermore,

once the leader of a dysfunctional organization recognizes that they are in decline, there may not be the systems or staff in place to competently advise the leader on what to do (Cowan, 1993). The result is often the implementation of solutions that do not address the real issues, leaving the institution worse off than before (Cowan, 1993).

Decline can occur when resources begin dwindling, putting pressure on the organization to reduce costs through downsizing (Cameron & Smart, 1998). The resulting scarcity intensifies conflict, pluralism (Pfeffer & Salancik, 1978), and low morale (Cameron, Whetten & Kim, 1987). Cameron (1995) found that when organizations in the private sector experienced financial distress or engaged in downsizing, a series of 12 negative attributes and behaviors could emerge, hindering effectiveness and worsening performance. These attributes are discussed in greater detail later in this chapter.

### **Stages of Organizational Decline**

Weitzel and Jonsson (1989) developed a model that outlined the five stages of organizational decline and accompanying organizational action: (a) blinded, (b) inaction, (c) faulty action, (d) crisis, and (e) dissolution (see Table 2.3). Weitzel and Jonsson (1989) defined organizational decline as the following:

Decline begins when an organization fails to anticipate or recognize and effectively respond to any deterioration of organizational performance that threatens long-term survival. It can be observed when the organization fails to confront and successfully thwart negative forces by failing to develop adequate protective measures or by failing to move to a more hospitable domain. Decline can also begin if the organization fails to respond to an opportunity to improve organizational performance. (p. 94)

**Table 2.3***Stages of Organizational Decline and Corresponding Organizational Actions*

| Stages           | Organizational Action  |
|------------------|--|
| 1. Blinded       | Failure to anticipate or detect pressure toward entropy; decline begins  |
| 2. Inaction      | Failure to decide on corrective action; decline becomes noticeable   |
| 3. Faulty action | Faulty decisions; faulty implementation of decisions   |
| 4. Crisis        | Given faulty-action stage and unforgiving environment, last chance for reversal. Given forgiving environment, slow erosion |
| 5. Dissolution   | Given crisis stage and unforgiving environment, rapid demise. Given forgiving environment, slow demise                     |

*Note.* Adapted from “Decline in Organizations: A Literature Integration and Extension,” by W. Weitzel and E. Jonsson, 1989, *Administrative Science Quarterly*, 39(1), p. 97. Copyright 1989 by Sage Publications, Inc.

Weitzel and Jonsson (1989) asserted that whether challenges were internal or external was less important in predicting decline than an organization maintaining the awareness of and ability to respond to adverse circumstances. Furthermore, the effects of organizational decline were reversible in all stages except the last one of dissolution. Weitzel and Jonsson (1989) also discussed how external forces would lead to decline and how to anticipate the emergence of decline. This framework clarified Weldon College's decline (see Chapter 5 for further discussion).

**Organizational Decline in Private Sector**

Faced with more complex occurrences of organizational decline than before, higher education leaders at small, tuition-dependent colleges are responsible for the careful management of the decline (Cameron, 1983). However, when leaders view the problem narrowly as a resource

allocation or efficiency problem, they struggle with identifying adaptive solutions (Dorantes & Low, 2016). Therefore, looking to the private sector for successful strategies to reverse the organizational decline in the higher education sector, Cameron (1983) researched the events leading to the decline of the tobacco industry in the 1970s. Cameron identified three strategies used by the tobacco companies to recover: domain defense, domain offense, and domain creation. The first adaptation strategy, domain defense, was used to maintain the legitimacy of the core product of the tobacco industry. Tobacco companies partnered with outside entities, such as lobbying groups and government liaison offices, donated significant amounts of money toward tobacco and health research, and leveraged the influence of senators in states dependent on tobacco production. This action largely safeguarded the industry from environmental attacks, providing the bandwidth for enacting the second adaptation strategy, domain offense.

Domain offense strategies increase the organization's domain, allowing them to expand their market. For tobacco firms, this meant expanding their products, such as low-tar or women's cigarettes, segmenting their markets, using their distribution channels as assets for adjacent products, and focusing on international sales. Cameron (1983) noted that instead of focusing on how to produce the current product more efficiently, organizations turned to effectiveness, focusing on what products they should produce. The third adaptation strategy used by tobacco firms was domain creation, which allowed the firms to diversify and spread any risk across more markets. Tobacco firms used this strategy to expand their existing consumer products and acquire new domains, such as Del Monte foods, and retail stores, such as Kohls and Saks Fifth Avenue.

## **Application to Higher Education Sector**

Cameron (1983) adapted these strategies for the higher education sector. Domain defense strategies included establishing a cross-institutional consortium or increasing philanthropic giving through alums or the board. Beyond the potential for increasing non-tuition revenue, these strategies increased support from influential stakeholders, possibly improving institutional legitimacy. As noted in the institutional theory discussion earlier, organizational behavior is highly motivated by the desire for legitimacy. Domain offense strategies included expanding offerings that required minimum investment, such as new non-degree programs, and engaging in enhanced marketing and communication tactics. Colleges might employ these strategies to leverage what they are already doing by focusing on doing them better.

Finally, domain creation strategies included growing an institution's student market by launching new degrees in high-demand programs. However, Cameron (1983) cautioned that domain creation strategies would require significant amount of resource investment. Therefore, such strategies should be considered only after deploying domain defense and domain offense strategies.

## **Conceptual Framework: Organizational Decline in Higher Education**

Conceptual frameworks provide a roadmap for the researcher to explore their research questions (Grant & Osanloo, 2014). Building on their research in the private sector and using it as a framework for their study, Cameron and Smart (1998) considered the organizational response to declining within the higher education sector. They explained downsizing in higher education as a response to either a decline in available financial resources or an increase in expenses that outpace revenue. Cameron and Smart acknowledged the competing challenges of the higher education sector. Specifically, colleges are under immense pressure to increase

effectiveness and deliver academic excellence while confronting immediate challenges that threaten their survival.

The results of Cameron and Smart's (1998) study revealed that colleges and universities could maintain effectiveness, even under conditions of financial stress and scarcity of resources. However, organizational effectiveness weakened when the negative attributes, referred to as the dirty dozen, emerged. These attributes (see Table 2.4) were previously identified in Cameron et al.'s (1987) study on organizational effects of decline and turbulence. The attributes relate primarily to either leadership or stakeholder response, indicating that poor leadership is a more significant factor in institutional ineffectiveness than a decline in resources (Cameron & Smart, 1998).



**Table 2.4***The Dirty Dozen*

| Attribute                     | Explanation   |
|-------------------------------|---|
| Centralization                | Decision-making is pulled toward the top of the organization. Less power is shared. Control is prioritized.   |
| No long-term planning         | Long-term planning is neglected. The focus is on the immediacy, not strategic planning.                       |
| Loss of innovativeness        | Trial and error learning is curtailed. Less tolerance for risk and failure associated with creative activity. |
| Scapegoating leaders          | Leadership anemia occurs as leaders are scapegoated, priorities are unclear, and a siege mentality prevails.  |
| Resistance to change          | Conservatism and the threat-rigidity response lead to “hunkering down” and a protectionist stance.            |
| Turnover                      | Most competent leaders leave, causing leadership anemia.  |
| Decreasing morale             | Infighting and poor morale permeate the organization.   |
| No slack                      | Uncommitted resources cover operating expenses, no resources available for innovation.                        |
| Fragmented pluralism          | Special-interest groups organize and become vocal.  |
| Loss of trust and credibility | Leaders lose the confidence of subordinates and distrust among organization members increases.                |
| Nonprioritized cutbacks       | Across-the-board cutbacks are issued to ameliorate conflict. Priorities are not obvious.                      |
| Increasing conflict           | Fewer resources result in internal competition and fighting for a smaller pie.                                |

*Note.* Organizational attributes associated with declining institutions. Adapted from “Organizational Effects of Decline and Turbulence,” by K. Cameron, M. U. Kim, and D. A. Whetten, 1987, *Administrative Science Quarterly*, 32, p. 227. Copyright Sage Publications, Inc. In public domain.

Therefore, although an organization cannot always control environmental factors, it can take actions that mitigate or prevent the emergence of these 12 harmful attributes. The dirty

dozen includes a shift to top-down decision-making, a stifling of innovation, the emergence of threat rigidity, and loss of trust. These 12 attributes formed the basis for the conceptual framework for this study.

### **Defending Against Negative Attributes**

When faced with organizational decline, leaders can deploy six actions to prevent or mitigate the emergence of the dirty dozen (Cameron, 1994). The first is to include multiple stakeholders in the decision-making process. This is particularly important when downsizing the institution to align expenses with decreasing revenues. While navigating the volume, and potentially competing, input and suggestions can be challenging, top-down decision-making triggers the dirty dozen (Cameron, 1994).

The second action is for the leader to remain visible, available, and clearly communicate the institution's vision. When faced with making unpopular decisions, leaders are inclined to avoid contact with the source of criticism, often the staff, faculty, and students. However, leaders who can communicate the future vision and not just the short-termed crisis response are more successful at staving off the dirty dozen (Cameron, 1994).

The third action involves frequent and transparent communication to all members of the institution about what is going well and any information considered necessary or important to know (Cameron, 1994). The fourth involves the leaders forming a thorough understanding of the institution's strengths, effectiveness, and inefficiencies before any decisions are made about areas to cut back or downsize (Cameron, 1994). The fifth action is creating and deploying cross-functional and cross-level teams to support the institution's downsizing, planning, execution, and assessment (Cameron, 1994). The sixth and final action is the creation of an equitable evaluation,

compensation, and employee development system to incentivize staff and faculty while also creating the perception of fairness and equity (Cameron, 1994).

### **Poor/Toxic Leadership**

Cameron and Smart (1998) determined that five of the seven most volatile dirty dozen traits derived from poor leadership. This finding was further supported by previous research that showed the significant importance of the relationship between leadership and organizational effectiveness (Bass, 1990; Bass & Avolio, 1994). The current case study considers the leadership of a failing college; thus, it is informative to understand the qualities of dysfunctional or ineffective leadership.

Toxic leadership, one form of destructive leadership, is defined as a leadership style that results in harmful environmental conditions and damages the organization, hindering its ability to fulfill its mission and purpose (Green, 2014; N. Smith & Fredricks-Lowman, 2020). Toxic leaders are indifferent to the well-being of subordinates, possess personality traits that negatively impact organizational culture, and are believed to be driven by their self-interests (N. Smith & Fredricks-Lowman, 2020). Furthermore, toxic leadership often emerges within a collective environment, where the established social rules prioritize the organization's needs over the individual (N. Smith & Fredricks-Lowman, 2020).

Using a mixed-methods design, Green (2014) investigated the prevalence and characteristics of toxic leadership in educational organizations. The participants ( $N = 51$ ) were closely split between working in P–12 schools or higher education. Ninety percent of the participants reported current or former experience working with a toxic leader, suggesting that toxic leadership occurred with high regularity in educational organizations (Green, 2014).

Furthermore, the findings identified the following four categories of toxic leader qualities: (a) egotism, (b) ethical failure, (c) incompetence, and (d) neuroticism (Green, 2014). Egotism emerged from descriptions of leaders who bullied others, believed they were always right or had a deep sense of entitlement (Green, 2014). Ethical failure is often cited in the literature on organizational decline, and this will be discussed in the context of ethical decision-making later in this chapter. Incompetence refers to leaders lacking in communication, conceptual or technical skills (Green, 2014).

Finally, the study identified leaders demonstrating neuroticism as narcissistic, manipulative, or paranoid (Green, 2014). The results of this study also suggested a great degree of interrelatedness between the four categories. This finding suggested that toxic leaders rarely fell within one of the four categories and would likely exhibit several of the behaviors identified in the study.

### **Organizational Crisis**

As crisis situations increase on college campuses, leadership is a critical factor in an institution's ability to respond successfully (Gigliotti & Ruben, 2017). With the rapidly shifting higher education landscape and the challenges associated with these changes, leaders must have the necessary competencies to respond effectively and collaboratively (Gigliotti & Ruben, 2017). Organizational decline occurs when environmental shifts lead to a decrease in the availability of external resources, causing organizations to respond by reducing expenses to continue operations (Moran, 2016). Under these conditions, higher education leaders must remain skilled in creating meaning and enacting changes while effectively communicating to various stakeholders the urgency and reasons for change (Blomme et al., 2015).

Coombs (2015) defined a crisis as an unexpected occurrence that might disrupt stakeholder expectations while negatively influencing an institution's performance and outcomes. Although Coombs's definition focuses on the internal impact of a crisis, James and Wooten (2005) broadened their definition to include public perception of the crises. They defined a crisis as "any emotionally charged situation that, once it becomes public, invites negative stakeholder reaction and thereby has the potential to threaten the financial well-being, reputation, or survival of the firm or portion thereof" (James & Wooten, 2005, p. 142). Finally, Mitroff et al. (2006) suggested that most crises in higher education were not due to a single event but a series of crises triggered by an initial disastrous event.

When contemplating the decline of small private colleges, this latter definition was particularly suitable because the decline was rarely caused by a single event, factor, or reason. For example, there are usually several reasons for enrollment declines at struggling colleges, such as student concerns over rising tuition costs, degree programs that are too specialized, or public skepticism over the value of a college degree. A crisis is often the result of complex and often related factors that are systemic in nature and deteriorate the performance of the organization (Mitroff et al., 2006).

### **Higher Education Crisis**

As discussed in Chapter 1, even though the number of high school graduates will increase in some parts of the country, this will be occurring in parts of the country with historically lower levels of college attainment. Furthermore, institutions that are ranked outside of the top 100 by *U.S. News and World Report* will be the most impacted by this decline (Grawe, 2018). This finding suggests that the enrollment crisis will most significantly impact small, less-selective private colleges.

Dorantes and Low (2016) examined the responses of 20 private institutions in the United States following the financial crisis caused by the Great Recession. The researchers wanted to understand the characteristic differences between the more resilient colleges/universities and the less resilient. Successful strategies enacted by both more resilient and less resilient colleges included frequent and transparent communication from the leadership to all stakeholders, a reallocation of resources to invest in strategic initiatives intended to accelerate the recovery, and the implementation of improved financial policies, including the establishment of a crisis reserve (Chabotar, 2010; Dorantes & Low, 2016). Unsuccessful responses from less resilient colleges included cost savings from mass layoffs, the termination of nonadjunct faculty, replacing lost revenue with higher endowment draws, and resistance to increasing future revenue through the diversification of programs and services.

Furthermore, Dorantes and Low (2016) made an important distinction between the use of adaptive and interpretive strategies by more and less resilient institutions. The researchers found that both more resilient and less resilient institutions used similar adaptive strategies, defined as what the institutions must do to survive the crisis. However, less resilient institutions utilized fewer interpretive strategies, defined as how leaders used communication, collaboration, and the management of organizational symbols and meaning when responding to the crisis.

Dorantes and Low (2016) concluded that colleges should respond to a financial crisis by communicating authentically, listening, and involving the community in the process. Doing so enhances leader credibility while increasing stakeholder buy-in and support for the subsequent crisis responses. Furthermore, Dorantes and Low argued that a crisis could provide a strategic opportunity to make the necessary organizational changes. However, they cautioned that institutions must carefully analyze the problem before introducing a solution. In describing

collaborative leadership, Coleman (2011) discussed four primary actions: sensemaking, empowerment, conflict, and commitment and effectiveness. Additionally, nonprofit organizations can successfully recover from a crisis when leaders utilize sensemaking and sensegiving (Gilstrap et al., 2016).

### **Crisis Leadership**

Ruben and Gigliotti (2016) identified four approaches to the study and practice of leadership. The four approaches are classical approaches, which include trait, skills, style, and situational theories; contemporary approaches, such as transformational, authentic, and servant leadership; competency approaches focusing on the ability of leaders to strategically apply adopted knowledge and skills; and communication approaches, which emphasize the inseparable relationship between leadership and communication (Ruben & Gigliotti, 2016). During a crisis, the communication approach is particularly important because of the uncertainty of the situation and the need for sensemaking and a logical interpretation of events (Gilstrap et al., 2016; Ruben & Gigliotti, 2016). Additionally, social capital emerges from transparent and honest communication and deepens leader and stakeholder trust (Gilstrap et al., 2016).

The disruptive and abstruse nature of crises requires self-aware and reflective leadership (Gigliotti, 2016). Furthermore, while current leadership models emphasize the importance of measured and logical decision-making, a crisis necessitates abandoning this model for a more extemporaneous style (Gigliotti, 2016). Leadership competencies are specific to the position while remaining crosscutting and generic (Gigliotti & Ruben, 2017).

James and Wooten (2005) suggested that, traditionally, organizations applied a narrow approach to a crisis, specifically either on communication and public relations or on legal issues. However, they suggested that this is an insufficient response given how complex and challenging

crises are, and that a more effective response must take into consideration the organization, the crisis, and the environment in their entirety (James & Wooten, 2005). Furthermore, doing so would require six core competencies for crisis leadership: (a) building a foundation of trust, (b) creating a new corporate mindset, (c) identifying the (not so) obvious firm vulnerabilities, (d) making wise and rapid decisions, (e) taking courageous action, and (f) learning from crisis to effect change (James & Wooten, 2005). Applying these competencies provides a framework for crisis management and cultivates crisis leadership, allowing an organization to not only effectively manage crises but also learn from and leverage crises when they happen.

Crisis leadership necessitates that leaders assume a series of multidimensional competencies. By successfully adopting these competencies, organizations are more likely to survive the crisis (James & Wooten, 2005). In a crisis situation, leaders apply sensemaking skills to establish the best course of action (Wooten & James, 2008). When faced with an organizational crisis, effective leaders respond by encouraging information gathering, thoughtful analysis, and a clear diagnosis of the problem (Cowan, 1993; James & Wooten, 2004). The preliminary analysis is shared broadly with all campus stakeholders, creating an inclusive process that elicits feedback and encourages participation (Cowan, 1993). Once the leader deploys the strategy, the progress is tracked and communicated, keeping the community continually engaged in the process (Cowan, 1993; James & Wooten, 2004).

In a qualitative study of 43 nonprofit leaders in the United States, Gilstrap et al. (2016) identified six major characteristics necessary for successful crisis leadership: being a team player, strategic, transparent with stakeholders, quick to respond, self-composed, and prepared. Being a team player means that the leader is not only collaborative but also puts others in the organization before themselves. Crisis leaders understand that staff members are the necessary



human capital and are one of the most important components during a crisis (Gilstrap et al., 2016). Although leadership is important, so is stakeholder participation and involvement; without it, even a viable solution can fail (Vroom, 2003).

Participants acknowledged that crisis leaders must be strategic in the way they communicate and the manner in which they address the crisis. Transparent actions include clearly and concisely communicating the issues to internal and external stakeholders while also knowing what information should and should not be communicated (Gilstrap et al., 2016). Quick to respond applies to understanding what needs to be done and communicating it quickly. Depending on the situation, it can sometimes mean there is no time to build consensus or gather substantial input because quick action is necessary (Gilstrap et al., 2016). Composed means a crisis leader is calm, level-headed, self-composed, and not prone to impulsive reactions. Finally, crisis leaders must be prepared, meaning they should develop crisis response plans to guide them in effectively responding to and communicating about the crisis (Gilstrap et al., 2016).

### **Sensemaking**

Sensemaking is a complex cognitive process that can occur when an individual confronts complicated and high-risk situations (Thiel et al., 2012). Deliberate efforts at sensemaking occur when the perceived state of an organization differs from expectations (Weick et al., 2005). To make sense of the disconnect between perception and expectations, people work to identify the reasons for the disruption in order to accept and conceptualize it within the construct of the organization (Kezar & Eckel, 2002). If the activity cannot be resumed, sensemaking will lead people to identify an alternative action or contemplate the situation further (Weick et al., 2005). There is a notable distinction between sensemaking and decision-making, with the former accounting for situational factors influencing and informing actions (Weick et al., 2005). In other

words, leaders in a crisis must quickly take action based on their constructed understandings and interpretations of the factors causing the crisis.

Organizations in crisis experience disruptions that necessitate the use of sensemaking in order to understand what is happening so that leaders know how to best respond (Kezar & Eckel, 2002). External changes cause an organizational crisis to trigger descriptive mental models formed from prior knowledge and experience that leaders use to understand the external change (Mumford et al., 2007). Leaders then develop prescriptive mental models based on their responses to crises over time, institutionalizing those responses for future crises (Mumford et al., 2007). Leaders face two contributing challenges in crises: ambiguity and uncertainty (Weick, 1995). Ambiguity can result in too many interpretations of the problem, whereas uncertainty can cause a lack of interpretations because leaders do not understand the occurrence (Mumford et al., 2007).

Because crises are defined as low-probability and high-consequence occurrences, they require sensemaking; however, when leaders do not apply effective sensemaking to a crisis, they increase the likelihood of the crisis becoming unmanageable (Weick, 1988). Sensemaking is a useful framework for recognizing that institutions are fluid, and individuals within the organization experience different realities as they try to make meaning of their work (Kezar, 2013; Weick, 1995).

### **Sensegiving**

Sensegiving is concerned with communicating to others to activate their sensemaking of a situation and to align it with the preferred organizational interpretation (Gioia & Chittipeddi, 1991). Therefore, the process of sensegiving occurs after the action of sensemaking. Sensegiving is particularly valuable during a crisis when stakeholders within the organization benefit from a

sensible interpretation of the ambiguous and uncertain situation (Ruben & Gigliotti, 2016).

Stakeholders also use sensemaking before a crisis occurs. Klein and Eckhaus (2017) found that precrisis sensemaking activities by workers included information gathering to clarify emerging disruptive occurrences that would lead up to the crisis. Conversely, managers increased the volume of positive communication precrisis to enhance sensemaking efforts. Once the crisis occurs, managers use sensemaking to understand the situation for themselves; then, they use sensegiving activities to communicate the situation to stakeholders (Klein & Eckhaus, 2017).

In their study, Gilstrap et al. (2016) determined that leaders utilized the sensegiving frameworks of instrumental knowledge, normalcy, and dynamic learning more than alternative forms of motivational sensegiving. Gilstrap et al. defined instrumental knowledge as sharing data and information with organizational members to help them understand the crisis and craft an appropriate response. This framework requires consistent communication from leaders to help stakeholders make sense of the crisis and be prepared to address it. The researchers described normalcy as making the abnormal effects of a crisis feel normal. Leaders may use this framework to communicate that crises should be expected and that the organization is prepared to respond. Gilstrap et al. described the third sensegiving strategy as dynamic learning, and this refers to a diagnostic frame used by leaders during and after a crisis to improve preparedness for a response to future crises. Leaders use this to provide space and encouragement for organizational and stakeholder learning.

The constructs of sensemaking and sensegiving were included in the participant interview questions for the current study. The participants' perceptions of sensemaking and sensegiving were used to contextualize the organizational decline. The staff, faculty, and students had observed that the enrollment was declining, and the financial outlook for Weldon College had

grown unfavorable. Thus, it was an important point of study as to how or if the leaders made and gave sense to the staff, faculty, and students about the looming organizational crisis. The next section discusses how group, organizational, and environmental dynamics can influence the leadership, ethics, and decision-making processes.

### **Groupthink**

When faced with organizational decline, leaders may resort to defensive behaviors as a coping strategy for the stress (Cameron, 1983). These can include limiting the communication flow, narrowing participation in decision-making, and increasing engagement in groupthink propensities (Cameron, 1983). Janis (1972) introduced the term groupthink to refer to decision makers who, feeling pressure to build unanimous consensus, would suppress critical thinking and avoid critical analysis of the group's situation or problem. This collective thinking can leave decision-makers reluctant to express concerns, unwilling to consider alternative decisions, engaging in collective rationalization, and overestimating the likelihood of success from their decisions (Janis, 1972).

Groupthink can result in poor decision-making and may lead to organizational failure (Mellahi & Wilkinson, 2004). Furthermore, groupthink hinders risk-taking and suppresses opportunities to imagine and articulate bold alternatives (Carmeli & Sheaffer, 2009). However, organizations with leaders possessing high levels of self-efficacy are less likely to be influenced by groupthink than leaders with low self-efficacy (R. W. Jackson et al., 2013).

### **Ethical Decision-Making**

Ethical decision-making (EDM) and the dissolution of EDM in organizations involve three factors: (a) individual factors, (b) organizational factors, and (c) contextual factors (R. W. Jackson et al., 2013). EDM is the process leaders use to identify and respond to ethical problems

facing the organization (Thiel et al., 2012). Even when people can effectively identify the ethical issues in a situation, they may struggle with having balanced views of the moral solution (R. W. Jackson et al., 2013).

In a study on moral decision-making, Gunia et al. (2012) found that, when faced with a right-wrong situation, decision makers who contemplated the ethicality or discussed the ethical implications of the situation were more likely to make ethical choices. However, decision-makers who made quick decisions or engaged in self-interested motivated discussions were less likely to make the ethical choice (Gunia et al., 2012). Therefore, contemplation and moral discussions were essential in ethical decision-making. A rapid decision-making process that did not allow time for consideration of the ethical implications of the decision was more likely to result in ethical dissolution (R. W. Jackson et al., 2013). The findings also indicated that after people made their decisions, they would use situational explanations to validate their actions by applying either moral norms or self-interested norms. Not only did this action enable the individual to justify their actions, but it also allowed them to enact sensemaking (Weick, 1995).

Finally, this study was designed so that the participants who engaged in moral or self-interested conversations were prompted into the conversation but did not initiate it (see Gunia et al., 2012). This finding suggests that, when faced with a moral decision, members of a group could be persuaded or influenced with even minimal suggestion. If a group engaged in a moral conversation, they were more likely to apply moral reasoning than a group that engaged in self-interested conversation (Gunia et al., 2012). The findings of this study were particularly relevant in the case study of Weldon College, given that decisions about the strategic direction of the institution involved multiple decision-makers at the college, including the president and board of trustees.

**Influence of Culture on EDM.** The concept of individual and group ethical decision-making can be expanded to account for organizational culture, specifically the influence culture has on establishing the institutional norms and ethical decision-making process of an organization. Culture encompasses three unique but overlapping components: (a) societal culture, (b) industry culture, and (c) organizational culture (R. W. Jackson et al., 2013). Societal culture is evident in the societal norms and standards, manifesting in the ethical climate of an organization, and can vary across different societies (R. W. Jackson et al., 2013). Industry culture refers to the pattern of behavior and operating norms that organizations within particular sectors form through interactions with each other (R. W. Jackson et al., 2013). This aspect can be understood through the lens of institutional theory, which describes organizations imitating similar organizations as undergoing a mimetic process (DiMaggio & Powell, 1983). This form of isomorphism is enacted by organizations wanting to enhance their legitimacy by imitating the behaviors of peer organizations (DiMaggio & Powell, 1983). Therefore, an organization's ethical decision-making is influenced by both social and industry cultures.

Furthermore, the organizational culture provides the context to either support or discourage ethical decision-making and behavior (R. W. Jackson et al., 2013; Thiel et al., 2012). Members of an organization glean information from the organizational culture to guide their individual behavior (R. W. Jackson et al., 2013). For example, as evidenced by the Enron scandal, highly competitive organizational contexts can increase the likelihood of unethical behavior (R. W. Jackson et al., 2013). Although Enron had high employee productivity, the aggressive and highly competitive environment resulted in ethical abuses and the large-scale dissolution of ethical decision-making.

Finally, contextual factors can influence these three phases of ethical decision-making: (a) whether the group perceives the decision to have an ethical consideration, (b) what decision the group makes, and (c) whether the group follows through with an unethical decision once made (R. W. Jackson et al., 2013). Although leaders who engage in unethical behavior can weaken the ethical culture of an organization (R. W. Jackson et al., 2013), a normative and entrenched unethical culture can limit a leader's ability to make ethical decisions (Thiel et al., 2012).

### **Threat**

Threat rigidity is one of the dirty dozen negative attributes identified by Cameron and Smart (1998). This occurs when leaders perceive environmental changes as threats, which creates uncertainty and stress, constricting the institution's ability to respond effectively to the threats (Moran, 2016). Leaders engaging in the threat-rigidity response react to these perceived threats by downsizing to increase efficiency, minimizing communication, limiting information processing, and centralizing the decision-making process (Cameron & Smart, 1998; D'Aveni, 1989; Moran, 2016). This rigid response can hinder innovation, limit effective decision-making, and create fear and distrust (Cameron & Smart, 1998; McKinney et al., 2014).

However, the outcome of organizational decline can vary depending on the organizational response, and in fact, resilience responses can have a positive effect on institutional effectiveness (Moran, 2016). Conversely, direct effect analysis has shown that a threat-rigidity response to organizational decline negatively impacts institutional effectiveness (Moran, 2016). This issue may occur because the shift to centralized decision-making and top-down control does not address fundamental strategic problems (D'Aveni, 1989). Finally, frequent and transparent communication to institutional stakeholders can mitigate the negative

effects of threat rigidity if the institutional stakeholders perceive the communication as a collective call to action or a perceived opportunity (Moran, 2016). This final point emphasizes the critical importance of leaders communicating frequently, clearly, and honestly.

### **Conclusion**

The goal of this chapter was to provide the reader with a deeper understanding of leadership, leadership competencies, organizational decline, organizational crises, sensegiving, sensemaking, and destructive leadership theories. This foundational knowledge provided a framework for the case study of Weldon College, a once thriving institution that underwent a decline, crisis, and closure. This chapter also introduced the reader to the conceptual framework of the 12 attributes that can arise during decline, hindering organizational effectiveness (Cameron & Smart, 1998).



## **Chapter 3**

### **Qualitative Research Methods**

The purpose of this chapter is to present a literature review on qualitative research so that the reader has an understanding of the various qualitative paradigms, research methodologies, and tools for establishing trustworthiness. This chapter also provides the rationale for why the researcher decided on a historical case study as the most appropriate methodology for the study of Weldon College. The researcher used qualitative methods, including in-depth interviews, to gather and interpret data about the lived experiences of the participants with first-hand knowledge and experience with leadership. The goal of the interviews was to uncover the personal stories and experiences of administrators and board members to create a narrative of Weldon College. This study served as a lens through which to examine the priorities, decisions, strategies, and dynamics of a small private college during a period of financial surpluses and eventual financial decline.

Watkins College of Art and Design, Mills College, and Becker College are just some of the colleges that have recently announced a closure or a merger. However, these announcements were often met with disappointment, confusion, and anger from students, faculty, and communities who did not realize the financial situation and were shocked by the announcement (see Jaschik, 2020b; Krantz, 2021; Seltzer, 2018). Being an insider participant at Weldon College, the researcher had intimate knowledge of why colleges are sometimes left with no other option except to close or merge. Therefore, this study offered a view into this phenomenon and insights into the circumstances leading to college failure. The goal was to show how the actions of the leadership could contribute to the decline, as demonstrated by the conceptual framework of Cameron and Smart's (1998) 12 organizational attributes.

The researcher used qualitative research methods, including semi-structured interviews and document analysis. This study sought to understand better how and why the contextual conditions, particularly the leadership, might have led to the college to failure (see Paré & Elam, 1997). Data were collected through semi-structured interviews with participants who had served as administrators or board members at the college and had first-hand knowledge and experiences with the leadership. The prepared interview questions were designed to answer the research questions centered on the leadership's decision-making processes and their responses to declining enrollment and revenue.

### **Research Paradigms**

Research paradigms are how researchers think about and make sense of the world (Creswell et al., 2007). Therefore, as the inquiry process begins, the researcher should consider their philosophical assumptions and the interpretive paradigm that best aligns with those assumptions (Creswell et al., 2007). Although there are numerous philosophical assumptions to consider, such as axiology, methodology, and rhetorical (Creswell et al., 2007), the two key assumptions are ontology and epistemology (Lochmiller & Lester, 2017). Ontology refers to what researchers believe is the nature of reality and that which constitutes social reality; epistemology refers to what the researcher knows and how they know it (Creswell et al., 2007; Lochmiller & Lester, 2017).

Interpretive paradigms are the philosophical assumptions that the researcher applies to their qualitative research, and the five central paradigms include positivist, postpositivist, constructivist, critical/feminist, and poststructuralist (Creswell et al., 2007). The positivist paradigm suggests that because truth can be objectively known, findings can be generalizable. Similar to the positivist paradigm, the postpositivist paradigm assumes that a single reality exists,

but that researchers must interpret their observations, resulting in findings that are approximations of the truth. However, the constructivist paradigm assumes that multiple realities exist because reality is constructed; thus, researchers use the participants' perceptions and views to gain an understanding of the different realities. Researchers situated within the critical/feminist paradigm apply their identities and lived experiences to their research in response to inequities across gender, race, ethnicity, sexual orientation, and class. They believe that social, financial, and political forces shape reality. Finally, researchers following the poststructuralist paradigm believe in multiple realities with no single truth. Often, researchers use this approach to question existing structures and articulate an alternative narrative to what is presumed to be truth.

As suggested by Creswell et al. (2007), in considering the appropriate qualitative methodology for the study on Weldon College, the researcher first identified her researcher paradigm as constructivist. Because the data included semi-structured interviews of participants with first-hand knowledge of the leadership at Weldon College, the researcher acknowledged that each participant brought their constructed versions of reality. This research was grounded in each participant's version of what happened and why, which represented an opportunity to synthesize the narratives and retell their stories in a way that was authentic and contributed to the literature. The goal was to understand the phenomenon of leadership within the bound system of Weldon College; thus, the researcher used documents from Weldon College as historical artifacts. These allowed the researcher to reconstruct key events, providing greater depth and support to narratives collected from the interviews. Chapter 4 contains a discussion of the methods used for document analysis. Further, the interviews provided rich narrative data on the

experiences and constructed realities of the participants, adding a unique depth to understanding the leadership condition.

The next section of this chapter discusses qualitative research before examining five of the primary qualitative methodologies available to researchers. The section concludes with a detailed depiction of one of those methodologies, case studies. The chapter then provides the rationale for its use in the study of Weldon College.

### **Qualitative Research**

This section describes some of the more prevalent qualitative methodologies, including the strengths, weaknesses, and examples of their use in empirical studies. The researcher describes these methodologies in some detail to give the reader a brief understanding of the purpose, application, and ways to tell a rich and consequential story about Weldon College. This section is followed by a discussion about the techniques that qualitative researchers use to establish trustworthiness in their work.

Qualitative researchers examine natural settings to generate rich narratives through observation, interviews, and document analysis (Patton, 1990). Using a naturalistic approach, qualitative research occurs within the real-world environment, where the phenomenon of interest develops naturally, and reality is constructed (Golafshani, 2003; Lochmiller & Lester, 2017). Using various methodologies and methods, as discussed throughout this chapter, this field of study is interested in understanding the lived experience of the participants while recognizing the existence of multiple realities (see Creswell et al., 2007; Golafshani, 2003).

Qualitative research differs from quantitative research, which is grounded within the positivist paradigm. Quantitative researchers use experimental or survey design procedures to evaluate a research question statistically (Golafshani, 2003; R. L. Jackson et al., 2007).

Researchers assess the validity of a quantitative study by whether the processes for measuring are accurate and if they actually measure what is intended (Golafshani, 2003). Unlike quantitative methods, in qualitative research, researchers act as naturalistic investigators (Guba, 1981). The quality of the study and the collection of the data center on the skill and actions of the researcher (Golafshani, 2003).

## **Methodologies**

With more than 20 qualitative methodologies to select from (Miles, et al., 2013), researchers should employ a systematic process for selecting the approach and procedures to support a rigorous inquiry (Creswell et al., 2007). The type of methodology that a researcher selects should be informed by the research purpose, method of data collection, and the research questions (Lochmiller & Lester, 2017; Miles, et al., 2013). Following is a brief description of some of the more commonly adopted methodologies, accompanied by exemplar empirical studies intended to give the reader an understanding of how these methodologies move from theory to research application.

The five methodologies reviewed in this section include grounded theory, narrative research, phenomenology, ethnography, and case study. This list is by no means an exhaustive list of qualitative methodologies but is intended to provide the reader with some comparison of the various approaches for conducting qualitative research. The goal is to show some techniques used to develop the study's case study method. Each of these five methodologies has qualities that inform the researcher's approach to data collection and analysis to show how these techniques created the story about Weldon College.

## ***Grounded Theory***

Grounded theory is a methodology in which no theory or adequate theory exists, so the researcher generates a theory that emerges from the data and offers an explanation of a certain phenomenon, specifically “in the actions, inactions and social processes of people” (Creswell et al., 2007, p. 249). Grounded theory can be situated within a positivist paradigm, constructivist, or postmodern (Johnson et al., 2007). It applies a structured approach to the data analysis (Creswell et al., 2007). Interviews serve as the primary data source, although documents can be an integral part of a grounded theory study (G. A. Bowen, 2009).

Caton and Mistriner (2016) used grounded theory in their case study on the partnership that developed between Niagara County Community College (NCCC) and the local hospitality industry discussed in Chapter 2. Caton and Mistriner (2016) stated that the literature supported grounded theory as “an accepted and ideal technique in the study of leadership” (p. 618). However, grounded theory is a broadly employed methodology across various disciplines, and not limited to only the field of leadership. Caton and Mistriner (2016) used a variety of data sources, including one-on-one interviews and secondary sources, such as newspaper articles and press releases. The researchers employed a critical realist perspective within the grounded theory approach, enabling increased flexibility in analyzing and interpreting the data collected.

The advantages of grounded theory are that it frees the researcher from any limitations that may result from a predetermined theoretical framework, allowing for greater flexibility. It can also allow for new perspectives or theories to emerge, both from previously researched phenomena and new phenomena under investigation. However, grounded theory can be unwieldy for novice researchers because of the significant volume of data, the complexity of the methods, and the potential for researcher bias. The theoretical frameworks for the study on

Weldon College, RDT, and institutional theory were established, so using grounded theory was an inappropriate methodology for this research.

### ***Narrative Research***

Narrative researchers apply methods with minimal structure to understand the lived experiences and life stories of the participants as told through their narrations (Creswell et al., 2007; R. L. Jackson et al., 2007). Narrative researchers explore the content and form of the stories by utilizing functional and structural methods of analysis (R. L. Jackson et al., 2007). Data include interviews, field notes, journals or diaries, and documents. The researcher may contextualize the participants' stories within their personal experiences, cultures, or historical contexts (Creswell et al., 2007). The data analysis involves re-storying, which is a process by which the participants' stories are analyzed and rewritten into a chronological sequence (Creswell et al., 2007). Examples of narrative research include biographies, autobiographies, and personal experience stories.

Dillard (2000) used narrative research to investigate the lives and cultural origins of three African American female research leaders in order to critique, challenge, and deconstruct the established norms of educational research. Dillard used life notes, a form of narrative research shown through letters, poetry, music, reflections, and journals, to serve as embodiments of the voices of the African American women in the study. Dillard intentionally selected life notes as the method so that the data authentically reflected the aesthetic and cultural essence of the participants, allowing for richer and deeper personal narratives.

The strengths of narrative analysis include the richness of the data and the thick descriptions emerging from the personal narratives of the participants. Narrative analysis allows for a constructivist paradigm in which multiple realities can exist. However, researchers who

align themselves with a positivist or postpositivist paradigm may find weaknesses in the subjectivity of the data. Although this study on Weldon College used a case study methodology, there were aspects of narrative analysis that applied to the researcher's methods. Specifically, the goal of the interviews was to uncover the personal stories and lived experiences of the administrators and board members and to re-story them in order to capture what happened at Weldon College between 2011 and 2016.

### ***Phenomenology***

Through in-depth interviews as the primary data source, phenomenology seeks to understand participants' experiences with a particular phenomenon to distill their stories into a description of the collective essence of the phenomenon (Creswell et al., 2007). In conducting a phenomenological study, the researcher first identifies the phenomenon they wish to study and then collects data from individuals who have experienced it. The researcher then analyzes the data and develops a narrative that encapsulates the essence of a phenomenon to show how individuals have experienced it.

In their study on the nature of leadership learning in entrepreneurial environments, Kempster and Cope (2010) used an in-depth phenomenological study to understand how entrepreneurs learned to lead. The researchers pointed out that the literature on leadership and entrepreneurship was dominated by quantitative methods, absent of rich descriptions of the situational nuances of leadership. Therefore, the researchers used the phenomenological methodology to address this gap in the literature, even though they intended to complement, not compete with, the findings of quantitative studies.

Using convenient-purposive sampling, Kempster and Cope (2010) selected nine entrepreneurs with significant entrepreneurial experience but minimal employment history. They



conducted 60- to 90-minute interviews with each participant and employed a phenomenological strategy. Participants were encouraged to discuss their views on leadership and were guided in the construction of a timeline of their personal leadership development. Next, Kempster and Cope outlined the six stages of their phenomenological analysis of the transcribed interviews: familiarization/gaining insight, immersion and sensemaking, categorization, association/pattern recognition, interpretation/representation, and explanation and abstraction. Finally, for each of the six process analyses, the researchers described the level of analysis employed and a detailed description of the analysis, showing how the phenomenological approach was applied and maintained throughout the data analysis.

Phenomenology strengths include the rich data, particularly from the perspective of participants experiencing it, which can deepen understanding of a specific phenomenon. However, phenomenology has weaknesses, such as threats to validity and also the time and resources that it can require. Like narrative research, there are aspects of phenomenology that are built into the current case study's design. Specifically, in-depth interviews were conducted to understand participants' experiences with and interpretations of the leadership of Weldon College during the study period. Most importantly, the researcher's method for analyzing interview data included features of the carefully detailed six-stage analysis in Kempster and Cope's (2010) study.

### ***Ethnography***

Researchers employ an ethnographic approach to understand, describe, and interpret the events, cultural practices, and perspectives of participants in a particular group (R. L. Jackson et al., 2007). To achieve this goal, ethnographers act as participant-observers, spending lengthy periods of time participating in the lives of the people or groups they are studying. Data

collection methods include interviews, observations of participants over a period of time within their natural environment, and sometimes documents or artifacts.

In a study on the strategic change process in a large, public university, Gioia and Chittipeddi (1991) stated that, to investigate the nature and sequence of change, the research approach “must be non-intrusive, longitudinal, and capable of tracing the unfolding changes” (p. 435). Gioia and Chittipeddi (1991) go on to say that, because meaning is subjective and socially constructed, understanding the process by which change may occur would require an understanding of meanings as articulated by the members of the organization. Therefore, the researchers utilized an interpretive ethnographic approach, allowing for the necessary engagement between members of the university and the researchers, who served as participant observers. To do this, one of the researchers acted as an outsider responsible for objective analysis of the data, and the other was an insider who participated in the strategic change process. The researcher served as the ethnographer immersed in the university by assuming a senior-level staff position appointed by the president, which enabled him to collect, interpret, and analyze the data both as a member and as a researcher. The ethnographer collected data, such as interviews, observations, journals, memos and confidential reports, and then with the outsider researcher applied ethnographic analytical techniques to inform first-level findings and second-level findings.

Although this study exemplified the ethnographic approach, it also highlighted some of the challenges with it as a methodology. Specifically, ethnography often requires a significant amount of time and resources to carry out the study, which can be a disadvantage. Also, there is the risk of researcher bias because of the length and intimacy of time that the researcher spends with the participants. However, although a researcher cannot shed bias, they can be accurate in

retelling the story. Further, because the researcher was immersed in the context and culture, it allowed for an original account of the people and culture under study.

The researcher included the Gioia and Chittipeddi (1991) study in this section to illustrate the mechanics and purpose of a participant-observer in ethnography. Having worked in a leadership position at Weldon College from 2011 until 2015, the researcher is considered an insider participant. While there was risk of bias, her positionality was also an advantage because her knowledge about the context and the people strengthened her understanding, description and interpretation of the data. Additionally, the researcher guarded against researcher bias by using member-checking to increase credibility while maintaining a reflexivity journal, which increased validity by documenting her beliefs and biases (see Creswell & Miller, 2000; Guba, 1981).

### ***Case Study***

A case study is an in-depth study of a complex, contemporary phenomenon occurring within a case that is bound by place or time from the viewpoint of the participants (Creswell et al., 2007; Harrison et al., 2017; Zainal, 2007). Data collected for case studies may include interviews, observations, documents, and artifacts. Although a case study may appear similar to narrative research, there are some distinct differences. A case study generally focuses on a particular issue or point of interest, and not just a person or persons and their stories (Creswell et al., 2007). Additionally, the case study approach involves a comprehensive description of the case and its context, which may not necessarily lead to chronological sequencing as it does in narrative research (Creswell et al., 2007).

Stake (1995), Merriam (1998), and Yin (2003) are three preeminent case study methodologists who greatly influenced case study design, procedures, and application (Yazan, 2015). Although Yin (2003) stressed the importance of the context and the empirical quality of

the inquiry, Merriam (1998) and Stake (1995) emphasized the importance of the bounded system as the focus of the inquiry and that the result of the inquiry should be descriptive and heuristic (Harrison et al., 2017). Within the case study methodology, there are numerous subdivisions or types from which to develop the design. Although there is no consensus in the research community about the names or descriptions of the various designs, some of the more common ones include illustrative, exploratory, cumulative, and critical instances (Baškarada, 2014; Harrison et al., 2017).

For the case study of Weldon College, the researcher used an illustrative design. Illustrative case studies are used when the phenomenon of interest is the case itself, so the design is primarily descriptive in nature. Therefore, this design does not lead or contribute to theory but instead attempts to describe occurrences and why they may be happening within a given case (Starman, 2013). As discussed earlier in this chapter, public reactions to college closures and mergers suggest that there is not broad or deep understanding of how tenuous the financial stability of these institutions were leading up to the announcement. Therefore, the researcher's study was designed to help the reader develop a granular understanding of what happened and why.

Boling et al. (2017) used a single case approach to explain why a particular merger of two colleges in the University System of Georgia led to greater growth than other mergers within the system. One of the researchers acted as an insider observer, allowing her to use observation techniques to learn about the organizational dynamics and employee reactions throughout the merger process. Boling et al. asserted that this immersive experience enabled them to recognize and understand complications, strategies, and outcomes of the merger process. Boling et al.'s design was similar to Gioia and Chittipeddi's (1991) study on the strategic change process: Both

capitalized on the advantages of the researcher experiencing and participating in the context while observing and collecting data. However, unlike Gioia and Chittipeddi (1991), who also conducted interviews as part of their data collection, Boling et al. (2017) relied on observations and secondary data only.

Advantages of case studies include the potential for rich data because inquiries are contextually based; the option of both qualitative and quantitative data collection, which lends itself well to a mixed-methods approach; and the depth of data used to not only describe the phenomenon but also explain findings in ways that quantitative research cannot (Zainal, 2007). However, criticisms of case studies include lack of rigor, limitations in generalizing the findings, the generation of hypotheses rather than hypotheses testing and theory development, and the risk of bias toward researcher confirmation (Starman, 2013; Zainal, 2007).

### ***Historical Case Study***

Historical analysis involves collecting, examining, questioning, and analyzing data to create a narrative of past events (O’Leary, 2017). The three goals of historical research include (a) establishing the events that occurred, (b) understanding why they happened, and (c) analyzing the significance (O’Leary, 2017). A researcher may use various data sources, including primary sources, which can include interviews with people who have witnessed the phenomenon, and secondary data sources, such as documents or other written accounts (O’Leary, 2017). Researchers should acknowledge the complexity of the situation by allowing for multiple realities, interpretations, and contextual differences (O’Leary, 2017). Finally, historical analysis may be seen on a continuum that informs or influences current or future practices that share qualities of the studied phenomenon (O’Leary, 2017).

In other words, historical case study researchers can extract lessons from the past that can improve future outcomes under similar conditions. As outlined in Chapter 1, many small private colleges are under enormous financial stress. Therefore, there is the possibility that a historical case study of the leadership of one failed college could provide insights to leaders at other struggling colleges. Furthermore, historical research conducted by an insider participant, which the researcher has identified herself to be, could reveal deep and often unknown truths through the privileged information to which the researcher had access (see Labaree, 2002).

Finally, advantages of historical case studies include the use of a broad range of data from the past to answer current research questions (Fraenkel & Wallen, 2009). However, disadvantages of historical case studies include threats to internal validity and potential limitations of the data sources (Fraenkel & Wallen, 2009). For example, the data samples may not be representative, making it difficult to confirm the reliability and validity of the inferences (Fraenkel & Wallen, 2009).

The design of the case study of Weldon College was specific to the context. The researcher used thick, rich descriptions of the data to create a convincing narrative of the phenomenon under study. The researcher established credibility by giving a detailed, narrative account of the phenomenon (see Creswell & Miller, 2000). Therefore, the following section shows how researchers establish trustworthiness and credibility in case studies.

### **Trustworthiness**

Research situated within a naturalistic paradigm, such as case studies, allows for the existence of multiple realities (Guba, 1981). Researchers can apply a variety of strategies for establishing trustworthiness in qualitative research to ensure the findings accurately reflect the participants' construction of reality. To establish trustworthiness, qualitative researchers use the

following four constructs modeled after the positivists' quantitative paradigm: credibility, transferability, dependability, and confirmability (Guba, 1981; R. L. Jackson et al., 2007).

Shenton (2005) provided specific and detailed suggestions of strategies qualitative researchers could employ to satisfy Guba's (1981) four constructs of trustworthiness.

### **Credibility**

Credibility, known as internal validity in quantitative research, refers to the accuracy of the findings in relation to the reality of the participants. It is one of the most important constructs in establishing trustworthiness (Guba, 1981; Shenton, 2005). Credibility can be established by adopting reputable research methods, becoming familiar with the participants' context, using random sampling of participants, and employing triangulation (Shenton, 2005). Other means of establishing credibility include encouraging participants to remain truthful, asking iterative questions, using thick descriptions, engaging in reflective commentary, and employing member-checking and peer review (Shenton, 2005). Counter to quantitative research, which is situated within the positivist paradigm, the credibility of qualitative research is often challenged by the research community (Cho & Trent, 2006). Therefore, there is broad agreement that qualitative inquiries should strive to establish credibility. To do so, qualitative researchers employ various procedures to demonstrate the validity of their studies, such as member-checking, thick descriptions, triangulation, peer reviews, and external audits (Creswell & Miller, 2000).

Creswell and Miller (2000) suggested that investigators should determine which validity procedures they will incorporate into a study by considering their research lens and paradigm assumptions. Paradigm assumptions were discussed at the beginning of this chapter. The beliefs, perspectives, and experiences of the people who direct, take part in, or read research studies shape a qualitative researcher's lens. In other words, this is the lens through which a researcher

sees the world. Given that the researcher possessed intimate knowledge of the case, the documents, and the participants for the study, she used her insider participant lens to determine when the data analysis, and subsequent narrative supported a persuasive historical account of the leadership at Weldon College.

### **Transferability**

Transferability, referred to as external validity in quantitative research, refers to the extent to which findings in one context can be applied to a different context (Guba, 1981). However, with a small sample size, qualitative findings cannot be easily, if ever, applied to other contexts or people (Shenton, 2005). However, by using thick descriptions of the phenomenon under study, qualitative researchers allow the reader to determine if the findings in one context are applicable to another (Shenton, 2005).

### **Dependability**

Dependability, or reliability in quantitative research, is achieved when the same study, done in the same context and with the same participants and methods, yields identical results (Shenton, 2005). To achieve this goal, qualitative researchers should meticulously document their process to allow other researchers to replicate their study (Shenton, 2005). This process can be done through the research report. The report should include detailed descriptions of the research design and execution, details on how the data are gathered, and a reflective evaluation of the effectiveness of the process (Shenton, 2005).

### **Confirmability**

Finally, confirmability, known as objectivity in quantitative research, occurs when a researcher takes steps to ensure that the findings of the study are born out of the participants' realities and experiences while remaining void of the researcher's influence or inclinations



(Guba, 1981; Shenton, 2005). Means of establishing confirmability include triangulation, acknowledgment of researcher bias, and detailed descriptions of particular decisions and certain methods used (Shenton, 2005).

### **Conclusion**

The goal of this chapter was to establish the rationale for the selection and use of qualitative methods for the historical case study of Weldon College. The choice to use a case study was based on the research purpose, method of data collection, and the research questions (see Miles et al., 2013). The purpose of this study was to understand the leadership condition and decision-making process at Weldon College during an enrollment surge followed by a rapid decline. As the data in Table 2.1 shows, the enrollment fell from 699 to 326 in 5 years. Therefore, a case study was the selected methodology because the research questions asked what the leadership was focused on and how they responded to the decline. Furthermore, this chapter provided a description of the illustrative case study design to show why the researcher selected it for the study. Specifically, the research questions were best answered with a descriptive study to investigate what happened and why at Weldon College (see Starman, 2013). Finally, the researcher used semi-structured interviews and document analysis, which represented primary methods for case study data collection. The research methods, including data collection, are discussed in greater detail in Chapter 4.

## **Chapter 4**

### **Conceptual/Theoretical Framework and Methodology**

As discussed in Chapter 1, enrollment is the lifeline of higher education institutions, particularly highly tuition-dependent institutions. Therefore, declining enrollment numbers at small, private, tuition-dependent institutions can have dire financial consequences (Carey, 2014; Fessenden, 2017; Stowe & Komasara, 2016). Limited access to alternative revenue streams, such as auxiliary revenue, public-private partnerships or endowment returns, can place added financial strain on many small colleges (Eide, 2018). In addition to declining enrollment, other contributing factors associated with colleges and universities failing include failure to secure alternative revenue streams, diminished economies of scale, small endowments donor contributions, and escalating debt. These factors contributed to the failure of Weldon College, prompting questions about the leadership's strategic priorities, the decision-making process, and the organizational response to decline.

### **Historical Case Study Methodology**

The purpose of this research study was to understand the leadership condition during a period of organizational decline, specifically how the leadership used data and information in the decision-making process, what decisions might have led to the decline, and how the leaders of the institution made sense of and responded to the decline. The study encompassed the 5.5-year period during which Weldon College experienced historic enrollment and financial surpluses before beginning a rapid enrollment and financial decline. Chapter 2 provided the reader with a framework through a literature review on leadership and decision-making, including poor leadership, stages of organizational decline, groupthink, and ethical decision-making. Chapter 2 also discussed the theoretical frameworks, RDT and institutional theory, used to understand the

leadership condition at Weldon College. Additionally, Chapter 2 introduced the conceptual framework of Cameron and Smart's (1998) 12 negative behavioral responses to organizational decline, referred to as the dirty dozen. The emergence of these responses can weaken institutional effectiveness. The conceptual framework for the study of Weldon College drew from these 12 attributes. Analysis of the data also led the researcher to introduce additional frameworks, two of which were discussed in Chapter 2: groupthink (Janis, 1972) and stages of organizational decline (Weitzel & Jonsson, 1989). The other two frameworks are niche shape and loss aversion, both of which are discussed in Chapter 5.

This historical study used semi-structured interviews with administrators and board members who were at the college between August 2011 and December 2016. They had first-hand knowledge of the decision-making process and how information and data were used to inform decisions. The study also included collecting, coding, and analyzing existing archival institutional documents. These documents included board meeting minutes, board committee meeting minutes, and presidential communications from that time period. The goal was to give greater context, present the perspectives of other eyewitnesses not in the interview sample, and triangulate the data (see G. A. Bowen, 2009; Creswell & Miller, 2000; Guba, 1981). There were two presidents serving at Weldon College during the study period. The first was the president from August 2011 until October 2015, and the second was the interim president from October 2015 until December 2016.

### **Research Questions**

Analysis of the interview and document data created a cohesive, descriptive, and rich narrative of the context and critical events at the college (see Yin, 2003). The data analysis process described in this chapter was used to answer the following research questions:

- RQ1: How was data collected, analyzed, and used to inform key decisions at the institution?
- RQ2: What decisions were made that may have contributed to the decline of the institution, including lower enrollment and financial insolvency?
- RQ3: What was the institutional response to the enrollment drop, organizational decline, and subsequent financial crisis?

The researcher analyzed the interview and archival document data to answer the research questions and to develop a detailed account of what happened at Weldon College and how the participants experienced the events that transpired.

### **Research Design**

This study investigated the leadership condition and decision-making process at Weldon College, specifically how data were used to inform critical decisions, what decisions might have contributed to the institutional decline, and what actions leaders took in response to the decline. For this study, the term leadership team refers to members of the board of trustees, the president, the faculty, and members of the executive administrative team. Additionally, the study examined how data were used to inform decisions and how critical events might have contributed to the organizational decline. The key driver of the decline was the precipitous drop in enrollment, so this study sought to understand the student experience during that period and what decisions or events might have negatively impacted new and continuing student enrollment.

Weldon College was tuition-dependent, and its stated mission was to provide “students with a rigorous education in fine arts and preparation for a life in the arts” (Weldon College, n.d.), making students an essential stakeholder group to consider in this study. From fall 2014 to fall 2016, the student retention rate dropped from 69% to 49%, highlighting problems with the

student experience at Weldon. This retention issue contributed to the overall drop of nearly 28% in total enrollment in those 2 years. Therefore, this study also considered the role faculty played in the organizational decline. Faculty are responsible for the curriculum and program development, and their close interactions with students heavily influence the student experience, including decisions about enrolling and persisting at the institution.

### **Resource Dependence Theory and Institutional Theory**

In order to examine the leadership and decline at Weldon College, it is important to consider how the availability of external resources affects the higher education sector. Resource dependence theory highlights the risk institutions face when the narrowly available resource they are dependent upon begins to decline (Jaquette, 2013). Weldon College was a highly specialized institution with limited degree programs, suggesting that the institution depended on a very limited source of students, leaving Weldon College vulnerable to fluctuations in student demand for their programs.

Zammuto et al. (1983) described “niche shape” (p. 94) as the risk highly specialized institutions could face when there are shifts in the types of degree programs students want to enroll in. This concept, as well as what Zammuto et al. (1983) described as “niche size” (p. 94), are described in greater detail in Chapter 5. Struggling colleges should consider changing their organizational template to lessen their dependence on a single resource, but to do so could threaten their perceived legitimacy. This framework of institutional theory helps to explain why institutions of higher education are slow adopters of change despite rapid changes in their environments (Morphew, 2009). Meanwhile, institutional theory provides context and reasoning for why the higher education sector is resistant to change. Specifically, in an effort to establish or maintain legitimacy, institutions mimic more prestigious institutions (DiMaggio & Powell, 1983;

Nguyen et al., 2019). Therefore, institutions are reluctant to deviate from their established organizational template.

### **Resource Dependence Theory**

The diversification of revenue sources would be a strategy for ensuring financial stability and protect against a decline in demand for the specialized degrees that the college offered.

Decline can be driven by changes in the enrollment economy (Jacquette, 2013) or other unforeseen events, such as a worldwide pandemic as was seen with COVID-19. RDT addresses how external resources influence the behavior of an organization (Pfeffer & Salancik, 1978). If an institution is dependent upon a single resource—in this case, student demand for the institution's degree programs—the institution is at risk if that resource becomes scarce. Within this theoretical framework, the current study also investigated what, if any, consideration the leadership team gave to diversifying the college's revenue sources and reducing its dependence on enrollment in its specialized degree programs. This is an important point because the college had high enrollment and strong financial health between 2011 and 2014. This resulted in a financial surplus that could have provided the necessary resources to invest in new programs or other alternative revenue-generating activities.

This study also considered the role of the board of trustees and the critical resources they should bring to an institution, such as beneficial experience and access to beneficial resources (see A. J. Hillman et al., 2009; Pfeffer & Salancik, 1978). Resource-rich board trustees often have a positive impact on an institution's performance, signifying that performance may suffer if board composition remains unchanged to meet new environmental demands (Peng, 2004).

## **Institutional Theory**

From 2011 through 2015, Weldon College posted an operating surplus due, in large part, to rising enrollment and the subsequent increase in tuition revenue. However, significant enrollment declines beginning in the fall of 2015 led to operating deficits for the fiscal year 2016 and onwards, causing financial instability, nonprioritized cutbacks (see Camern et al., 1987), and retrenchment. This pattern suggested the significant impact that enrollment trends and fluctuations had on the financial health of the institution. Referred to as the enrollment economy, this concept suggests that with the exception of highly selective institutions with significant research and philanthropic support, most colleges and universities depend on tuition as their primary revenue source (see Jaquette, 2013). A common response to enrollment declines at less-selective, tuition-dependent institutions is to add new programs or to change their organizational template by changing their designation from a college to a university to bolster student demand and increase enrollment (Jaquette, 2013; Morpew, 2009).

One concept related to institutional theory states that within similar organizational sectors, some declining institutions will undergo isomorphic mimetic change to increase their legitimacy by becoming more similar to successful peer institutions (DiMaggio & Powell, 1983; Jaquette, 2013; Morpew, 2009). Both external markets, such as student enrollment demand, and the institutional pressures coming from external entities, such as more successful peer institutions, can influence the behavior of organizations (Greenwood & Hinings, 1996). For example, some of the peer colleges in Weldon's niche sector expanded their program offerings to include design programs in response to increased student demand. This concept provided another lens through which to examine to what extent, if any, Weldon College attempted to increase its legitimacy by imitating behaviors of more successful peer institutions.

With the exception of name changes to existing programs, no new program had been introduced at Weldon College since 2006, suggesting a reluctance to adopt the principle of the enrollment economy and introduce new programs to increase student demand through new markets. However, for this study, it was important to consider the heightened difficulties a specialized college with a more narrowly focused mission might have in expanding degree offerings as a strategy for increasing student demand and growing enrollment.

### **Methods**

The methodology for this study was a historical case study of Weldon College, a small, private, specialized college on the West Coast. This study investigated a bounded system over a period of time, using extensive and in-depth data collection. Data collection included semi-structured interviews and archival documents, and the data analysis utilized was reflexive thematic analysis (see Braun & Clarke, 2021; Creswell et al., 2007). The following sections provide a detailed description of the methods and the rationale for their use in this study.

Although this study was designed with case study procedures, including detailed descriptions within the context of the case, it was also similar to narrative research because the data were used to tell the story of the college and the individuals leading it during this period of rapid growth and decline (see Creswell et al., 2007). An examination of critical events during this time was important because the study considered how the leadership of the college responded to the decline. The narrative arc was the college's peak enrollment of 699 students in 2014 and then the precipitous 40% drop to 433 students in 2017 (Table 2.1).

The design of this case study was specific to the context, considering the mission, identity, culture, and history of the college. Therefore, the researcher believed that the research questions were best answered by using a reflexive thematic analysis approach. This study used



thick, rich descriptions of the data to create a convincing narrative of the phenomenon under study. Thick descriptions established credibility in the qualitative research by giving a detailed narrative account so that the reader could feel as if they experienced the events described by the participants in the study (see Creswell & Miller, 2000).

## **Participants**

This study used purposive and snowball sampling (e.g., Patton, 1990) to identify 10 participants who were employed or served on the board at Weldon College between August 2011 and December 2016. Table 4.1 provides a description of the participants. Five of the participants were former administrators, and five were former board members. Additionally, three of the board participants also served as the board chair during the period of this study, specifically one from 2010 to 2013, one from 2013 to 2016, and the other from 2016 to 2018. Another board member also served as board chair but not during the period under study.

The 10 participants had profound lived experiences that informed their feelings, opinions, impressions, and descriptions of the leadership, decisions, and organizational responses to decline. As an insider participant, the researcher had personal and collegial relationships with the participants, which might have been a factor in their willingness to participate. Several of the participants initially expressed unease or suspicion about participating in the study. The researcher understood that each of the invited participants served in a leadership capacity at Weldon College and might have either felt some responsibility for its failure or concerned that the purpose of the study was to cast blame on them. Some might have been apprehensive about reliving the organizational crisis—fraught with disappointment, stress, sadness, and frustration. Participants expressed many of these feelings in their interviews, revealing their deep affection for Weldon College and profound sadness at its failure.

**Table 4.1***Interview Participants*

| Pseudonym      | Initials | Role          | Years at Weldon             |
|----------------|----------|---------------|-----------------------------|
| Sam Easton     | P1_SE    | Administrator | 2008–2017                   |
| Laura Wheeler  | P2_LW    | Administrator | 2003–2021                   |
| Mike Roth      | P3_MR    | Board member  | 1991–2015<br>(intermittent) |
| Carolyn Burns  | P4_CB    | Administrator | 2011–2015                   |
| Sarah Baker    | P5_SB    | Administrator | 2010–2019                   |
| Joan Cooke     | P6_JC    | Board member  | 2013–2019                   |
| Angela Rossi   | P7_AR    | Board member  | 2008–2017                   |
| Stephen Turner | P8_ST    | Board member  | 2011–2018                   |
| Donna Wright   | P9_DW    | Board member  | 2012–2016                   |
| Alex Collins   | P10_AC   | Administrator | 2013–2017                   |

**Instrumentation**

For this study, the researcher was the primary instrument for data collection. The researcher used the data from the interviews to generate in-depth narratives and thick descriptions (see Creswell & Miller, 2000; Guba, 1981). In addition, archival documents from the study period provided additional background, including the perspectives of others not included in the interview sample, such as the president and interim president. This process also allowed for triangulation of the data (see G. A. Bowen, 2009; Creswell & Miller, 2000; Guba, 1981). Prior instrumentation was minimal because the research design was an exploratory and descriptive single case study (see Miles et al., 2013).

## *Interviews*

The interview questions were designed based on the research questions, the theoretical and conceptual frameworks discussed in previous chapters, and a preliminary document analysis (see G. A. Bowen, 2009). Table 4.2 shows the mapping of the interview questions, research questions, frameworks, and preliminary themes generated from the initial archival document review.

The researcher used the collected documents to identify critical events germane to the study and develop contextually based interview questions (see G. A. Bowen, 2009). A detailed description of the documents is in the following section. The preliminary themes that were generated from the analysis included decision-making, enrollment declines, institutional priorities, purpose, and anticipation of and response to environmental risks. The interview questions were written based on these themes to elicit participants' lived experiences, while the flexibility of the semi-structured interview structure allowed for other concepts and themes to emerge.

**Table 4.2***Mapping of Interview Questions, Research Questions, Frameworks, and Overarching Theme*

| Interview question  | Research question                                     | Framework                  | Theme              |
|---|---|----------------------------|--------------------|
| How would you describe the decision-making process? Was it inclusive of multiple stakeholders or more centralized? Was there generally buy-in and support from the community for decisions that were made?  | Data and decision-making                              | Dirty Dozen                | Decision-making    |
| Can you describe a major decision made by the board and/or administration and how data was used to make this decision? What was the impact of that decision on the various stakeholders?  | Data and decision-making                              | Dirty Dozen                | Decision-making    |
| In a student town hall that the president and the board chair hosted in 2013, the president stated that the graduate center project would not proceed if the needed money could not be raised by a capital campaign. The documents show that the majority of the money for the project was not raised, and the institution had to take out a sizable loan to fund the project. Tell me how the decision was made to borrow the money to pay for the project. What impact did this decision have on the institution? | Data and decision-making<br><br>Contribute to decline | Institutional Theory       | Decision-making    |
| Between 2014 and 2016, the enrollment dropped from 699 to 506 and the retention rate went from 69% to 49%. From your experience, what were the major factors or decisions that contributed to this enrollment decline?  | Data and decision-making<br><br>Contribute to decline | Dirty Dozen                | Enrollment decline |
| What actions were taken by the leadership to address and reverse the enrollment decline?  | Response to decline                                   | Resource Dependence Theory | Enrollment decline |

| Interview question   | Research question        | Framework                  | Theme   |
|--|--------------------------|----------------------------|---|
| There are numerous instances where the leadership talks about Niche College serving a dual role as a place for community engagement in the arts and an educational institution. What was the intended purpose of this dual role and what was its impact? How were resources prioritized in order to serve this dual focus?         | Contribute to decline    | Institutional Theory       | Dual purpose  |
| The 2014 strategic plan opens with some data points from a report that makes the case for Niche College to diversify revenue sources and become less tuition-dependent? What steps did the leadership take to achieve this strategic priority?   | Contribute to decline    | Resource Dependence Theory | Anticipation of and response to environmental risks |
| This same section of the strategic plan talks about the risk of declining enrollment associated with the decline in high school graduates, competition from public institutions, and increasing debt aversion from students. How was this information used when making decisions about the strategic direction of the institution? | Data and decision-making | Dirty Dozen                | Anticipation of and response to environmental risks |
|  | Response to decline      | Resource Dependence Theory |   |
| Is there anything I have not asked about that you think is important to know in order to understand the way decisions were made, drivers of the decline, or responses to the decline?  | Data and decision-making | Dirty Dozen                |   |
|  | Contribute to decline    | Institutional Theory       |   |
|  | Response to decline      | Resource Dependence Theory |   |

### ***Interviewing the Investigator***

As an insider participant who worked closely with all of the interview participants, there was the potential for researcher bias and lack of instrumentation rigor. Therefore, the researcher used the procedure of interviewing the investigator to pilot the interview instrument to determine

the effectiveness of the interview questions. The goal was to test her interview protocol to confirm that it yielded the data needed to answer the research questions (see Abd Gani et al., 2020; Chenail, 2011). To do this, the researcher asked a peer researcher to conduct the interview using the established interview-protocol guide while the researcher assumed the role of the participant. The pilot interview simulated the established procedures of the study, and the interview was recorded. Throughout the pilot interview and immediately after, the researcher discussed with her peer the structure of interview questions that were difficult to understand or answer and used the discussion and feedback to modify them accordingly. Additionally, the researcher reviewed the interview recording to determine if other changes should be made to the questions or procedures.

As a result of these procedures, the researcher made modifications to the interview protocol using the final version included in Appendix C for the participant interviews. The changes that were made as a result of these procedures were as follows. Question 2 was added to allow the participants an opportunity to consider their participation in the decision-making process. The beginning of Question 3 was modified to provide more context for the participant. The order of questions was changed so that questions about enrollment declines were asked after questions about institutional priorities and purpose. Finally, Question 12 was added to allow the participants an opportunity to comment on anything they believed germane to the study, even if it fell outside of the initial themes used to frame the interview questions.

### ***Documents***

The researcher uses extensive archival documents for this study. Using a broad array of documents provided the researcher access to additional data necessary to answer the research questions, triangulate the data, validate the themes, and support the findings (see G. A. Bowen,

2009). Document analysis is valid in historical case studies because it can reveal new insights, minimize potential biases, and deepen understanding of the phenomenon under study (G. A. Bowen, 2009; Stake, 1995).

## **Procedure**

The next section describes the procedures used for participant recruitment and data collection. The section also describes in detail the documents and their intended purpose in supporting, contextualizing, and triangulating the interview data. Finally, the data analysis section describes for the reader the steps taken to analyze the interview and archival document data using reflexive thematic analysis procedures.

### ***Participant Recruitment***

The researcher used purposeful sampling to identify the initial nine potential participants. Four former board members, four former administrators, and one former faculty department chair were emailed an invitation to participate. All agreed to participate in the interview except for the department chair. Interviews were scheduled via Zoom or phone, and at the end of each interview, the researcher engaged in snowball sampling by asking each participant if there was anyone else they believed should be interviewed for the study (see Patton, 1990). Based on these recommendations, the researcher emailed invitations to two additional former trustees and three former administrators. Two declined to participate, one did not respond to invitation requests, and one trustee and one administrator agreed to participate, bringing the total number of participants to 10.

It is important to note that the president who served between 2011 and 2015 did not respond to requests to participate, and the interim president who served between 2015 and 2016 declined to participate. Nonetheless, the researcher used presidential communications

documents, such as the president's reports to the board, media interviews based on verbatim transcripts, and board committee meeting minutes to attribute actions and comments to both of the presidents.

The 10 interview participants had served either as an administrator or a board member, working closely with the president, the administration, and the board leadership between August 2011 and December 2016. The researcher believed that these 10 participants were representative because they had participatory, extensive, and first-hand access to the decision-making process and the use of data to drive decision-making. This process allowed for rich narratives and thick descriptions by participants who had personally experienced the leadership condition at the institution.

### ***Data Collection***

The primary method of data collection for this study was semi-structured interviews, with archival document analysis used to support and triangulate the findings. Semi-structured interviews were designed so that each participant was asked the same questions, but the researcher also had the flexibility to explore topics raised by the participants. This allowed participants to answer the interview questions in such a way as to honor their unique lived experiences while also collecting the data useful in answering the research questions (see Creswell et al., 2007; Turner, 2010),

**Interviews.** Each participant was interviewed for approximately 60 to 90 minutes. Although the researcher had prepared questions, the semi-structured nature of the interviews allowed for flexibility so that the participants could freely share their lived experiences during the interview. The researcher recorded the interviews using the memo feature on two smartphones. The researcher used two devices in the event of a technical issue with one of the



phones. She took notes during the interviews to record aspects not detectable by a voice recording, such as body language and facial expression. She also documented her thoughts, reactions, and feelings as a component of her reflexive journal and the audit trail (see Shenton, 2005). Finally, the researcher took notes on points of interest throughout the interviews that were used as the foundation for follow-up questions.

After the interview, the researcher transcribed her hand-written notes into her personal notes database, Evernote. She also documented other thoughts and reflections she had at the conclusion of the interview. Researcher bias in qualitative research is common, so the purpose of the reflexivity journal was to maintain reflexivity throughout the research process and to create an audit trail (Guba, 1981). An audit trail establishes the trustworthiness of a study by allowing external reviewers to understand the researcher's methods for data collection, analysis, and interpretation (Guba, 1981).

**Documents.** The contents of the documents included in this study were a rich data source and served as important historical records for the institution. The documents were important archival records of the discussions and decision-making processes that established the strategic direction of the institution.

Document analysis is defined as a systematic process of reviewing, examining, and interpreting the data to gain meaning and understanding (G. A. Bowen, 2009). Document analysis is often used in conjunction with other qualitative methods, such as interviews and field observations, allowing for triangulation (G. A. Bowen, 2009). Emerging from the document analysis are case-based descriptions and themes that can support and corroborate other data sources, increasing the credibility of the findings (G. A. Bowen, 2009; Creswell et al., 2007). Finally, document analysis is an iterative method involving skimming, reading, and interpreting

and can accompany other methods, such as content analysis and thematic analysis (G. A. Bowen, 2009).

The stakeholders portrayed in Weldon's archival documents included board members, the president, faculty members, students, and administrators—most of whom were not interview participants in this study. Therefore, these documents served to provide rich and historical perspectives and background information on the case study without limiting it to only the perspectives of the 10 interview participants (see G. A. Bowen, 2009). Including document analysis in this study, particularly the board and board committee meeting notes, gave voice to a more expansive collective of leaders from the institution. The documents included the following:

- Board meeting minutes.
- Executive committee of the board meeting minutes.
- Finance committee of the board meeting minutes.
- Presidential communications.
- Board approved resolutions.
- Five-year strategic plan.
- Student experience reports.

The following is a detailed account of each document source and their intended purpose for this study.

***Board and Board Committee Meeting Minutes.*** These data included the official minutes from the board, executive committee, and finance committee meetings. The minutes were taken by the executive assistant to the president or the chief of staff and sent to the appropriate board members and administrators for review after each meeting. Upon receipt and review, board members and administrators sent back any edits to the executive assistant or chief of staff, who

then made the corrections and entered the minutes into the official record of the institution. At full board meetings, all levels of leadership were represented, including the board of trustees, the president, the administrative team, faculty trustees, and student representatives.

***Presidential Communications.*** These documents included interviews with the president, prepared remarks for public events, and the president's board reports.

***Board Approved Resolutions.*** These were records of resolutions passed by the board or authorized board committee relating to financial, real estate, or contractual matters.

***Five-Year Strategic Plan.*** This document was the board-approved 5-year strategic plan. The board approved the plan in March 2013, and the plan covered fiscal years 2014 to 2018.

***Student Experience Reports.*** These reports included student reports to the board documented in the board meeting minutes, highlighting student successes and outlining student concerns. They also included reports to the board on the student experience, researched and written by a committee of board members and administrators tasked in the fall of 2016 to understand better the reasons for the substantial decline in retention rates.

### ***Data Analysis***

After completing each interview, the researcher uploaded the recording of the interview into the Otter.ai transcription software system, which produced a verbatim transcript of each interview. The researcher listened to each recording while reviewing the transcript within the otter.ai program. She edited only punctuation, spelling, or syntax errors, leaving the transcript verbatim. This process not only ensured the accuracy of the transcript but also initiated the first phase in the thematic analysis method, which is to familiarize oneself with the data (e.g., Braun & Clarke, 2006, 2021; Nowell et al., 2017).

The transcript was then downloaded from otter.ai and emailed to the participants, who were asked to review it for accuracy and ensure it correctly reflected their intended meanings. This step was the first of two applications of member-checking intended to establish the trustworthiness of the study (see Creswell & Miller, 2000). Of the 10 participants, four returned the transcripts with edits, four returned it without edits, and two did not respond to repeated requests to review and return the transcript. The researcher uploaded the 10 transcripts into NVivo software for analysis. The researcher organized the interviews in NVivo by the participant number and their assigned pseudonym. For example, the first interview participant (P1) was Sam Easton (SE), so that transcript was coded as P1\_SE.

The researcher also uploaded the archival documents, which totaled 132, into NVivo. She then organized the documents by folders labeled (a) board of trustees meeting minutes, (b) executive committee minutes, (c) finance and executive committee minutes, (d) finance committee minutes, (e) presidential communications, (f) resolutions, (g) strategic plan, and (h) student experience. The researcher used a labeling system that indicated the folder the document was in and a lettering system that organized the documents in NVivo in chronological order. For example, the earliest board of trustees meeting minutes was labeled BOT-A (9-22-11). The BOT indicates it is in the board of trustees meeting minutes folder; the document was assigned an A because it is the earliest document; and the date, 9-22-11, indicates when the meeting occurred.

**Thematic Analysis.** While document analysis is an interpretive paradigm, particularly expedient in historical research when there are no other viable data sources (G. A. Bowen, 2009), thematic analysis is a method used to identify themes, such as patterns or ideas, in the data that describe the phenomenon. Thematic analysis is a creative process that allows the researcher to play an active role in generating themes (Braun & Clarke, 2021; Fereday & Muir-Cochrane,

2006). The researcher selected thematic analysis for this study because its flexible nature allows for both a descriptive and interpretive analysis of the data (Braun & Clarke, 2021). Braun and Clarke (2006) discussed what constituted a theme, specifically that “the ‘keyness’ of a theme is not necessarily dependent upon quantifiable measures—but rather on whether it captures something important in relation to the overall research question” (p. 82). Therefore, the researcher concluded that reflexive thematic analysis would allow her to play an active and central role in the generation of the themes. The procedures used by the researcher for reflexive thematic analysis are outlined in the next section.

***Thematic Analysis Procedures.*** In response to misunderstandings and misuses of thematic analysis, as outlined in their seminal 2006 article, Braun and Clarke (2019, 2021) updated their procedures to address these issues, and it is these updated procedures that the researcher used for this study. Of particular importance was their clarification that themes do not emerge from the data as if the themes are there simply waiting for the researcher to retrieve them. Instead, themes are “analytic outputs,” representing “creative and interpretive stories about the data” based on the “researcher’s theoretical assumptions, their analytic resources and skill, and the data themselves” (Braun & Clarke, 2019, p. 594).

Following the phases outlined in Braun and Clarke (2021), the researcher began with Phase 1, data familiarization and writing familiarization, which employs an iterative process of skimming, reading, and interpreting the documents (Miles et al., 2013). As previously stated, the researcher began this stage of the process as part of the interview data transcription. Throughout each of the six phases of thematic analysis, the researcher used the annotations and memos features in NVivo to serve as her audit trail. Annotations were used to record the researcher’s reactions or thoughts to specific passages, whereas the memos served to document more broad

thoughts, not necessarily specific to passages of the data. Memos also served as early outlines of possible themes, ideas, connections, and researcher writings, some of which are included in the next chapter.

The researcher then engaged in Phase 2, systematic data coding, by highlighting and coding the transcript data in NVivo (Braun & Clarke, 2021; Miles et al., 2013). The researcher completed three cycles of this step to ensure accuracy and thoroughness, particularly as new codes developed throughout this phase. After she was satisfied with the initial codes, she returned to the archival documents and coded those according to the codes developed through the transcript analysis. The researcher was open to adding new codes based on the document analysis should something be of relevance to the research questions, but she did not identify anything. However, a review of the archival documents allowed for critical triangulation because it provided rich data that supported the initial codes (Creswell & Miller, 2000). Finally, the researcher reviewed the list of codes to identify areas of redundancy or inadequate support from the data. She made adjustments to the codes, consolidating some codes and recoding some interview passages to more appropriate codes.

After the data were coded, she engaged in Phase 3, generating initial themes from coded and collated data. The 39 initial codes generated from Phase 2 were sorted and collated into five initial themes that represented recurring ideas or occurrences. The researcher utilized pattern coding to organize the data by clustering the codes that shared commonalities under broader themes (see Miles et al., 2013), with the themes relevant to the research question emerging inductively (Braun & Clarke, 2006). At the conclusion of this phase, the researcher had five initial themes: critical events, decision-making, dirty dozen, stages of decline and action, and unstable or ineffective leadership, with subthemes organized under each.

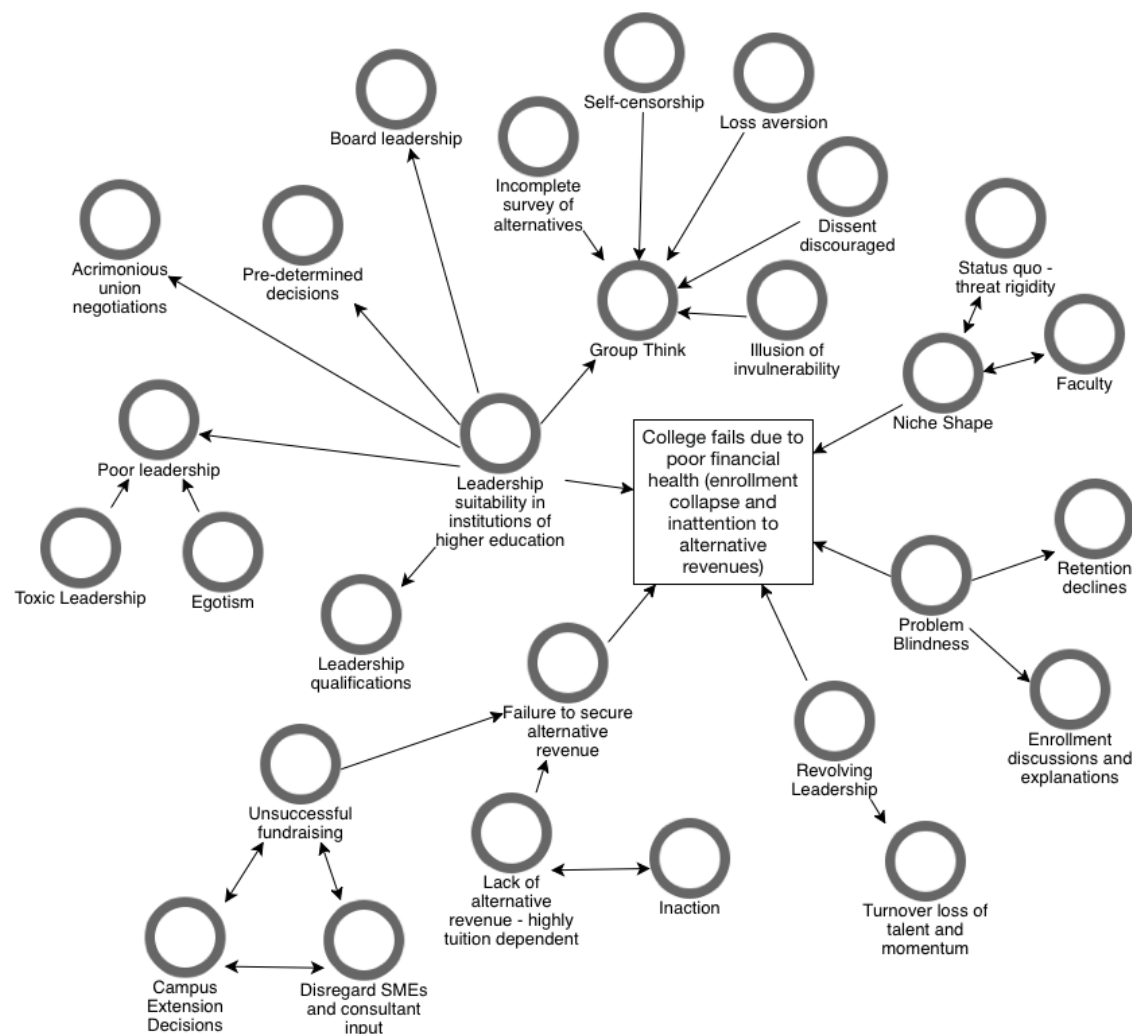
While analyzing the data in Phase 4, developing and reviewing themes, the researcher determined that two of the themes, dirty dozen and stages of decline and action, served as frameworks but not themes, and that a third theme, stages of decline and action, was too general and needed to be refined. Therefore, during Phase 4, the researcher once again reviewed the codes looking for patterns of meaning and latent themes, often referring back to the data throughout the process. At the conclusion of this phase, the researcher had what would become the final themes after a naming convention change in Phase 5 and, again, in Phase 6 of one theme. Codes that were interesting but did not support the five themes or answer the research questions were placed in a “parking lot” folder in NVivo.

Phase 5, refining, defining, and naming themes, involved the renaming the first theme to higher education leadership suitability to allow for greater clarity and accuracy. Phase 5 also included a review of the assignment of subthemes to confirm the appropriateness of their placement under each theme. Next, the researcher used the concept-mapping feature in NVivo to visualize the data. Figure 4.1 shows the final output of that process. At the conclusion of this phase, she had constructed the final five themes and two levels of subthemes.

Finally, the researcher engaged in Phase 6, writing the report. The first theme, higher education leadership suitability, had a second naming convention change, with the final name being: leadership suitability in institutions of higher education. This change is reflected in the final conceptual framework seen in Figure 4.1.

**Figure 4.1**

*Conceptual Framework*



Throughout this phase of the process, the researcher wrote about each theme in detail, connecting it back to the data and highlighting the final five themes as the findings for the study. The complete codebooks for Phase 3 and Phase 6 are in Appendix D and show the evolution of the coding process and thematic development.

**Trustworthiness.** Nowell et al. (2017) outlined a method for conducting thematic analysis that follows Braun and Clarke's (2006) framework and is guided by Lincoln and Guba's



(1985) criteria for establishing trustworthiness in qualitative research. The criteria, specifically credibility, transferability, dependability, and confirmability, are interwoven throughout their step-by-step approach to thematic analysis (see Nowell et al., 2017). These were the basis for establishing the trustworthiness of this study. Data analysis in qualitative research requires a systematic approach, inclusive of what the researcher is doing, why she is doing it, and detailed descriptions of the analysis methods (Nowell et al., 2017). The researcher must clearly demonstrate how the data were analyzed and the assumptions behind the analysis for readers to determine the trustworthiness of the findings (see Nowell et al., 2017). However, demonstrating credibility and trustworthiness in interpretive research relies on well-documented evidence of the research methods and process (Fereday & Muir-Cochrane, 2006).

### **Limitations**

Finally, although this study was a historical case study, it is important to note that the researcher held a staff position at Weldon College from August 2011 until June 2015. The researcher regularly interacted and engaged with leadership and was present at many of the meetings and events documented in the data. Her positionality as an insider participant suggests that she had intimate knowledge about the institution and the participants in the data, resulting in richer insights and deeper analysis (see Labaree, 2002). However, being an insider could have also compromised objectivity and accuracy if the data analysis was not conducted with the same rigor expected of an outsider observer (see Labaree, 2002).

Given that the researcher was an insider participant, she recognized the potential for bias associated with her positionality. The researcher entered into this study acknowledging and suspending her bias in order to preserve her credibility and maintain validity (see Creswell & Miller, 2000; Shenton, 2005). Additionally, the researcher applied reflexivity to the research

process (see Creswell & Miller, 2000; Guba, 1981). Reflexivity is the process of acknowledging and addressing the researcher's assumptions, biases, and experiences that can influence the study and findings (Creswell & Miller, 2000; Guba, 1981). The researcher maintained a reflexive journal to document her feelings, opinions, and views throughout the study, paying particular attention to when there were shifts in her perceptions and attitudes. She used this process throughout the six phases of the reflexive thematic analysis, date coding each entry and organizing them under the phase of the process she was in at that time.

Additionally, this historical case study was of only one institution and is not representative. However, the researcher would argue that the goal of this study was to uncover and document the personal stories and narratives of administrators and board members at a failed institution. The researcher selected a case study as the methodology because she wanted to conduct an in-depth study of the complex phenomenon of a failing college from the viewpoint of the participants (see Creswell et al., 2007; Harrison et al., 2017; Zainal, 2007).

### **Conclusion**

The methodology and methods outlined in this paper were designed to allow the researcher to understand the decision-making process at a small, specialized college that failed. The study revealed the decision-making process, factors associated with the decline, and the leadership response to the organizational decline. Additionally, this empirical study fills a gap in the literature, specifically about the leadership condition at a failing college. The existing literature on closed colleges primarily explores associated factors other than leadership. These factors, such as small endowments (Eide, 2018; Gitter et al., 2018), lack of diversified revenue sources, low enrollment numbers (Stowe & Komasa, 2016), and high debt (Ward, 2016), were also relevant to this study, as discussed at length in Chapter 1. With less-selective, nonprofit

colleges struggling to remain financially solvent, this intrinsic case study is timely and relevant.

The next chapter discusses the findings, answers the research questions, and provides recommendations based on the findings for similar institutions.

## **Chapter 5**

### **Findings and Discussion**

This study explored a variety of factors that may have contributed to the failure of Weldon College. The researcher discusses these factors in detail throughout this chapter. However, the researcher would be remiss in neglecting to clarify that even though Weldon College failed, there were still many decisions, actions, and outcomes that positively contributed to the institution. Nonetheless, for the purposes of this paper, the researcher exercised discipline in investigating and analyzing only those factors that may be associated with the college closing.

Although this case study was about the leadership condition at a small private college that failed, it is also a story about the lived experiences of the participants who served at the institution. Although each participant told their stories through their unique lens, there were consistent themes across the narratives. The passion and dedication that they felt for the mission of the college were remarkably consistent. For example, one participant, Alex Collins (AC), shared the following at the end of the interview:

It's hard to relive some of this because I think some points in your life professionally you are part of something that's really meaningful and successful, and at other points, you may be part of something that's really meaningful and failing. ... You know, it's a failure of, not just the school itself, but of our cultural ecology and vitality in the U.S. And that's what makes me sad. The legacy deserves better and the future students who will miss that opportunity deserve better.

Ultimately, this study was not about one person but about the leadership at the institution and the series of decisions made by many individuals over the course of several years. There were numerous instances where participants discussed their feelings and opinions about a

particular person, but the story of this college's failure is much larger than the actions or decisions of one person. However, one should not discount or diminish the lived experiences of these individuals. Instead, this study focused on the individual, as well as collective, decisions, dynamics, and leadership within the organization that led to its failure. Although this study was intended to give voice to those participants, the findings presented in this chapter also served as lessons on what institutions in a similar situation should avoid.

### **Findings**

The section discusses the themes, findings, and conclusions from the study, the methods and procedures of which were described in detail in Chapter 4. The researcher conducted semi-structured interviews with ten participants who had served as either senior-level administrators or board members at Weldon College between 2011 and 2016. The interview questions were designed based on a preliminary document analysis of archival documents collected from the college and spanning the period of the case study. The researcher also read and coded the archival documents to triangulate the interview data. The researcher coded and analyzed the data using Braun and Clarke's (2021) six phases of reflexive thematic analysis.

The researcher used quotes from participant interviews and archival documents to tell the interpretive story of Weldon College, which was organized around the five themes that the researcher interpreted and generated from the data (see Braun & Clarke, 2021). Reflexive thematic analysis, the data analysis method used for this case study, is a process by which the researcher plays an active and central role in identifying themes, selecting the most salient ones, and writing about them (Braun & Clarke, 2021). The five themes of this study include: (a) leadership suitability in institutions of higher education, (b) niche shape and enrollment collapse, (c) problem blindness, (d) revolving leadership, and (e) failure to secure alternative revenue.

## **The Story of Weldon College**

Founded in 1871, Weldon College was situated in an urban, metropolitan city on the west coast, in a part of the country that played an important part in many significant creative and cultural movements. This context is noteworthy in the history of Weldon because the college, faculty, and students actively engaged with the city's dynamic and artistic ecosystem. However, the city in which Weldon was located was often characterized as being unaffordable because of its high cost of living. As AC noted when discussing the enrollment decline at Weldon College,

I think importantly, it also coincides with escalating cost of living in the [City], which, you know, in that two year period there was a kind of steady drumbeat of national and international articles about how [the City] is the most expensive city to live in the country.

In addition to the rising cost of living, there were steady tuition increases, ranging between 3% to 5% each year, making it increasingly difficult for students to afford enrolling at Weldon. As one board participant, Donna Wright (DW), stated, "I thought the high cost of tuition was a big problem."

Over the course of its history, the institution also weathered numerous financial and organizational crises, including the high-profile suicide of a former president who had resigned under a cloud of financial irregularities. Even with this complicated history, one participant described Weldon College as "one of the most important arts institutions of the last century and a half" (P10\_AC). However, this legacy could not protect it against pervasive financial difficulties. Following the 2007 Great Recession, Weldon College once again suffered significant financial challenges, as described by Sam Easton (SE):

Right after I joined [Weldon College], we had the financial crisis, and the bank cut off our line of credit. We could not borrow any money to meet our seasonal cash needs, and I was involved in convincing the board, the president, the dean, to provide the funding out of their personal funds until we received the financial aid drawdown in January because the law in the state of California is if you cannot pay your employees, you have to shut down your operations, and that would have meant the end of [Weldon College].

In 2010, Weldon College began recovering from this financial decline, with growing enrollment driven by increases in new students and improved retention rates, as shown in Table 5.1. However, this period of enrollment growth ended after fall 2014, when new student and continuing student retention precipitously declined and the college went from 699 students in fall 2014 to 599 students in fall 2015.

**Table 5.1**

*Enrollment and Retention Rates From 2009 to 2019*

|           | New students | Continuing students | Total enrollment | First-year retention |
|-----------|--------------|---------------------|------------------|----------------------|
| Fall 2009 | 195          | 350                 | 545              | 47%                  |
| Fall 2010 | 283          | 324                 | 607              | 65%                  |
| Fall 2011 | 308          | 356                 | 664              | 53%                  |
| Fall 2012 | 273          | 396                 | 669              | 63%                  |
| Fall 2013 | 271          | 409                 | 680              | 65%                  |
| Fall 2014 | 258          | 441                 | 699              | 69%                  |
| Fall 2015 | 225          | 374                 | 599              | 54%                  |
| Fall 2016 | 169          | 337                 | 506              | 49%                  |
| Fall 2017 | 141          | 292                 | 433              | 51%                  |
| Fall 2018 | 141          | 240                 | 381              | 59%                  |
| Fall 2019 | 97           | 229                 | 326              | 50%                  |

*Note.* From Integrated Postsecondary Education Data System.

## **Leadership Suitability in Institutions of Higher Education**

The literature on the relationship between leadership effectiveness and organizational performance is ambiguous, neglecting to consider the role of context and skill specifically within institutions of higher education (Hassan et al., 2018). However, the positive link between poor leadership and institutional effectiveness is consistent with leadership behaviors and organizational effectiveness (Cameron & Smart, 1998; House & Podsakoff, 1994). Therefore, successful higher education leaders should remain cognizant of the distinctive qualities of the campus culture (B. L. Smith & Hughey, 20016). Additionally, the complex and multifaceted nature of higher education requires adaptive leadership whereby conflict and stress are managed and leveraged to motivate stakeholders without overwhelming them (Nelson & Squires, 2017).

The first theme from this study relates to the concept of leadership suitability in institutions of higher education. This theme takes into account the qualifications and capabilities of Weldon College's leadership, specifically their applicability to a higher education context. In other words, beyond leadership effectiveness and institutional performance, this theme considers the suitability of the leadership skills and experience in a small, specialized higher education institution.

Over a 10-year period, the presidential leadership of the college was inconsistent, with six different presidents leading the institution between 2010 and 2020, three of whom served as interim president. During the same time period, Weldon College had five different board chairs. Although not all of this period falls within the scope of this case study, this information was included to highlight the history of significant leadership changes and turnover at Weldon College. As a note, the concept of leadership turnover is the fourth theme of this study and will be discussed later in this chapter. This information is presented here only to provide the reader



with some history and context for the leadership at Weldon, particularly during the period of this study. Table 5.2 shows the presidents who served each year, whether they were permanent or interim, and the board chairs from 2010 to 2020. To protect confidentiality, the names of the presidents and board chairs have been de-identified and replaced with pseudonyms. As a note, the pseudonyms for the three board chairs that participated in the study have been changed in this table to further protect their identity.

**Table 5.2**

*Leadership Changes From 2010 to 202*

| Years | President                      | Status               | Board Chair                       |
|-------|--------------------------------|----------------------|-----------------------------------|
| 2010  | Graham Zellner<br>William Ury  | Permanent<br>Interim | David Heller<br>Alicia Roediger   |
| 2011  | William Ury<br>Robert Mann     | Interim<br>Permanent | Alicia Roediger                   |
| 2012  | Robert Mann                    | Permanent            | Alicia Roediger                   |
| 2013  | Robert Mann                    | Permanent            | Alicia Roediger<br>Margie Fischer |
| 2014  | Robert Mann                    | Permanent            | Margie Fischer                    |
| 2015  | Robert Mann<br>Gretchen Cannon | Permanent<br>Interim | Margie Fischer                    |
| 2016  | Gretchen Cannon                | Interim              | Margie Fischer<br>Malcolm Souza   |
| 2017  | Noah Byrne                     | Permanent            | Malcolm Souza                     |
| 2018  | Noah Byrne                     | Permanent            | Malcolm Souza<br>Victoria Atwood  |
| 2019  | Noah Byrne                     | Permanent            | Victoria Atwood                   |
| 2020  | Noah Byrne<br>Sheldon Quinn    | Permanent<br>Interim | Victoria Atwood                   |

After the interim president, William Ury, completed his 1-year appointment in August 2011, participant and document data showed that the institution had stabilized. One participant noted that William Ury had been very effective at resolving significant financial and organizational problems so that “the new incoming president could start with a clean slate. Also, at that moment, enrollment was in an upswing, and things could not have been better” (P1\_SE). This case study began at that point because it was the start of new leadership, marked by the beginning of 3 years of stable enrollment before a rapid enrollment decline after the fall of 2014.

The following sections discuss in detail concepts associated with the first theme, which is leadership suitability in institutions of higher education. For the purposes of this study, this concept relates exclusively to leadership effectiveness at the presidential and board level within the context of Weldon College. This is an important distinction because the president and members of the board experienced notable professional successes outside of their work at Weldon. This suggests that the applicability of a leader’s experiences and skills to a particular educational context are important when assessing leadership suitability. Therefore, the presentation of the data and findings are specific to leadership suitability in institutions of higher education at Weldon College and are not reflective of professional performance outside of this context.

### ***Leadership Qualifications***

The new president, Robert Mann, did not have previous experience as a college president. In an interview for an arts publication in September 2012, 1 year after he began, Robert noted, “Yes, I’ve had a number of different positions, virtually all in museums, virtually all as director of museums. So this is certainly a big change for me. It’s my first academic administration job”

(PRES-A). Later in the interview, when asked how his background prepared him to lead a college, he added the following:

Well, I think in certain ways I wasn't prepared. And that was one of the things that intrigued me when I was asked to apply for the job, because I was looking for a new adventure. But I think managing complex institutions is a skill that is transferrable. And working with eighteen curators, as I did at the [XYZ] Museum, is analogous to working with faculty. (PRES-A)

Analysis of this comment suggests that Robert believed his experience in museums would transfer effectively to leading the institution. In this same interview, he also discussed his vision for connecting Weldon College to the “museum world and art world,” calling it part of his “mandate”:

I had no specific interest in working at a college. I was very happy and I had a very good job in one of the major art museums in this country. But this place has played such an important role in art—this is where so many artistic movements were introduced, where so many great artists worked. (PRES-A)

However, Caroline Burns (CB) said she believed his lack of experience in higher education was actually a disadvantage. She explained: “He just had a disregard for the uniqueness of a college, and I think he didn't adapt well. He had run arts institutions before.”

Hiring presidents without higher education administration experience does not necessarily lead to leadership failure, and in fact, there is literature to support the concept that college presidents who come from outside education, often referred to as “nontraditional presidents,” can effectively lead a college or university (Adams, 2018; Birnbaum & Umbach, 2001; Gardner, 2017). At the same time, the literature also suggests that leadership was the most

critical factor in successful turnarounds of small, private colleges (Carey, 2014; Cowan, 1993; MacTaggart, 2007). Therefore, higher education intuitions need to have the right leadership in order to thrive. The findings suggest this was not always the case at Weldon College, as highlighted by one of the participants, Angela Rossi (AR), who had served as both a long-standing board member and board chair:

There were a lot of decisions that were taken that were wrong, and I have to say, throughout the history of this institution, they've had good leaders and poor leaders, and it hasn't been at all consistent. And that's both probably at the administrative level and at the board level.

Several participants questioned Robert Mann's vision for Weldon College. At an alumni event in 2013, the president's prepared remarks emphasized the importance he placed on community engagement, when he described it as "reclaiming [Weldon College's] dual role as both a school and as a cultural institute through which a larger public can engage with art, artists, and ideas" (PRES-C). Sarah Baker (SB) described the tension between these two purposes when she said that it "created binaries in ways that were ultimately not helpful" because it generated "a sense that Robert didn't care about the student experience because of articulating priorities around exhibitions and public programs, and [also] through him outright not wanting to call [Weldon College] a school." Minutes from an October 2016 executive committee meeting of the board, 1 year after Robert Mann resigned, indicated that Weldon College stakeholders continued to express concerns about the issue of "mission alignment" (EXC-ZL). The minutes showed that one administrator elaborated on this point with the following:

When Robert Mann was here, there was a negative reaction to how he framed the institution as a "museum of making," and people internally saw the larger, dual mission

as coming at the expense of our core work. While he was here, we were never able to create alignment around that idea, and in some ways, are still dealing with the fall-out.

(EXC-ZL)

However, one board participant, Stephen Turner (ST), showed support for this dual purpose when he said “I think [Weldon College] had to be an institute. We weren't just a school, and we had a role in the [The City] that was beyond just being a school.”

### ***Poor Leadership***

Poor leadership is a more significant factor in institutional ineffectiveness than even the level of resources available to the institution (Cameron & Smart, 1998). Several participants shared how they had been negatively impacted by Robert Mann’s leadership style or had observed the negative impact his leadership had on other stakeholders. Mike Roth (MR), a board participant, explained that during the president’s tenure, he had become aware that the president “was having a difficult set of relationships with staff and with faculty.” However, another board participant described her relationship with him in positive terms and said she was surprised to learn of the concerns about his leadership:

I think that a number of faculty and staff found him somewhat difficult, maybe abrasive, and they met with us...at some point they met with me and told me that they found him really difficult to work with. I didn't see that quite frankly .... As I think back on it, he was probably determined to do what he wanted to do and how he wanted to do it. I think that he had some really good relationship with some board members and with others, it was difficult. (P7\_AR)

The participants discussed the impact that the president’s leadership style had on the overall effectiveness of the institution. One participant asserted that he “destroyed” (P1\_SE) the

administration, the financial stability, and the organization. Several participants also described in great detail their negative experiences and observations of his style, some expressing how it affected them in very personal ways.

**Toxic Leadership.** One variation of poor leadership is toxic leadership, which was introduced in Chapter 2. This leadership style leads to detrimental environmental conditions that damage the organization, hindering its ability to fulfill its mission and purpose (Green, 2014; N. Smith & Fredricks-Lowman, 2020). Furthermore, toxic leaders are indifferent to the welfare of subordinates, possess personality traits that negatively impact organizational culture, and are driven by their self-interests (N. Smith & Fredricks-Lowman, 2020). CB described the president's treatment of subordinates as the following:

I always knew him to not be good with people, and as I said, he was disrespectful of his human resources. He didn't care if he hurt people. He didn't care if he was rude to people in front of their colleagues. You know, he had a really, really mean side to him.

Other participants speculated that the president's vision for Weldon and the strategic direction that he took was partly driven by his ego. AC shared the following:

When I say ego, I mean specifically a decision is made that this is the achievement that I want to reach during my term. This will be my legacy, those sorts of factors driving the decision, rather than, is this the best decision for the institution right now given all the factors that we can observe and the advice that we receive?

### ***Pre-determined Decisions***

One administrator participant characterized the impact that the leadership dynamics had on the decision-making process as generally resulting in "pre-determined" decisions. In other words, although discussion about various issues was tolerated, the sense was that the outcome of

important decisions had already been predetermined, and discussion or debate about the decision would not alter what had already been decided. This participant described this phenomenon: “I think oftentimes and in hindsight, the decision-making process was often pre-determined and, in many cases, contrary to advice and counsel of subject matter experts” (P10\_AC).

The concept that decision-makers disregarded the advice and input from subject matter experts or consultants was a theme throughout the interviews and is discussed in greater detail later in this chapter under the fifth theme, failure to secure alternative revenue. Another participant also shared concerns about the decision-making process. SA said that the information the president used to make decisions was “based on information from people he liked” and that this caused organizational failures because “when you have a president who depends upon people who he likes and not people who are open and honest with him, you have a recipe for failure.”

### ***Acrimonious Union Negotiations***

One significant event that appeared throughout the data was the negative impact the adjunct union movement and subsequent contract negotiations had on the institution. Minutes from one executive committee meeting indicated that the president was opposed to the unionization because he did not believe this union was the best one to represent adjunct faculty. The minutes also showed that the president stated that the risks with this union representing the adjunct faculty included “1. Increased costs for wages and benefits; 2. Risk of labor strike (negative impact on public image); and 3. Legal costs” (EXC-R). Although the union campaign and vote occurred within a matter of a few months, the institution then endured a protracted negotiation period spanning several years. Minutes from one executive committee meeting showed the negative impact that this had on the students: “There was committee discussion about

how students have become involved in issues of the [union] negotiations, and it is important to balance [Weldon's] response to [the union's] proposals with potential negative impact on morale" (EXC-ZM).

When discussing the negative effect the union negotiations had on campus climate and enrollment, AC said it led to a "loss of trust and friction that was created by the adjunct faculty unionization effort and the administrative resistance to it." He later added, "I don't feel like I can overstate the negative impact of the resistance to the unionization effort." This participant also described the president's reaction to the unionization efforts as being problematic: "But my memory is that the president really took the unionization, for lack of a better word, personally and was committed to resisting it, if not explicitly then to add as much friction to the process as we could" (P10\_AC). However, one board participant found the president's response to be appropriate:

I can't really criticize [Robert] for what he did because he did a masterful job of responding to everything they sent out, and he's nothing if not a very articulate author, and his letters were really quite good. So, I think what he was doing was generally the right thing. (P9\_DW)

Nonetheless, other participants expressed that the president's deep involvement with union issues distracted him from other responsibilities. For example, one participant stated the following:

[Robert] took it upon himself to be the prime negotiator, which diverted him from other things like the capital campaign. I don't know whether it was because he loved to fight or what his motivation was to get so very involved in that, but I remember it was odd at the time. (P4\_CB)



The impact of the unionization efforts and protracted negotiations had lingering repercussions for the students and faculty. LW explained that students “felt like their favorite faculty members, a lot of the folks with really active exhibition and intellectual pursuits, were adjunct faculty members and they were getting the raw end of the stick.” The unionization efforts ultimately infiltrated the overall campus climate, with one board participant, Joan Cooke (JC), commenting:

The union issue was resolved, but it wasn't necessarily resolved because the results of the union issue weren't what the associates hoped they would be.... The results that they got weren't exactly what they were promised and so no one was happy.

### ***Board Leadership***

In addition to the participants’ observations about the qualifications and aptitude of the presidential leadership, some participants, including board members, pointed out their misgivings about whether fellow board members had the personal or professional experience needed to govern an institution of higher education. JC stated the following when discussing the decision-making process for the board:

I do think that [Weldon College’s] board of trustees was more focused on the craft than on the operation of a school. ... I always found that rather interesting because you would have these conversations and someone would talk about the great work that was being done, and it would totally derail the conversation as opposed to come back to some of the harder issues. So does that mean that [Weldon College] had the wrong trustees? Maybe. There were very few people on the board who were hardcore business people, and most of them didn't stay for more than one term. It doesn't mean that people didn't have business sense; it just meant that the chaos kind of got to them a bit much.

However, another board participant had a divergent perspective on how boards should function. Referring to Weldon College's board dynamics, ST described the board composition and performance as the following:

On any board, there are always members that are more engaged than others. There are people that serve as idea-generators and people who are approvers. This board was no different. We had members who were very expert in particular fields. [Marguerite] was accomplished in real estate. [Jy] was an attorney. Many others were simply wise and thoughtful. It was a good and dedicated board.

Although both JC and ST were board members, they had different perspectives on what they believed the role of the board should be and how it should function. JC suggested that the lack of engagement with difficult issues on the part of all board members put Weldon College at a distinct disadvantage, and she suggested that the chaos of the board might have driven away qualified board members. ST had a different view of the purpose of the board by suggesting that having varying levels of engagement by board members, with some board members serving as the innovators and others as the approvers, was an effective governing structure. This finding intersects with the concept of group decision-making and its impact on the institution, which is discussed later in the section on groupthink.

Some participants also described how the changes in the board composition and competency over the years impacted the quality of decision-making. For example, Laura Wheeler (LW) said the following:

I think that the board was less critical in the sense of asking critical questions. Even if there was information that should really have sparked questions, the new membership of the board may not have asked tough questions because they either didn't have expertise in

finance or didn't have the expertise in sort of buildings and architecture. As the board makeup grew less informed in terms of buildings and construction, the quality of the data and discussions went down. The newer members were society folks versus a professional person. The criticality of what was being presented and voted on was significantly lessened, I think.

Another participant also talked about how board composition changes negatively impacted presidential oversight.

The people who followed [the former board chair], were not business people and did not spend sufficient effort or put in the kind of effort required to do the homework to make sure that the president is running the organization the way he should. (P1\_SE)

Although the data showed that board members supported and valued the mission of the institution, some participants referenced a lack of cohesion on the board that hindered its ability to be an effective governing body. AR described the board dynamics as the following:

I mean, when you have one or two people who create, I would say, almost chaos, it creates a really poor dynamic to get things done as a board, and we had two people who, every time a decision was taken, would want to revisit the decision, and make it much more complicated than it had to be. So it created a lack of cohesion on the board, I would say.

The participants also shared their observations of problematic group functioning and ineffective decision-making at administrative cabinet meetings, as well as at the board level. The descriptions shared overlapping concepts with groupthink (Janis, 1972) and loss aversion (Kahneman et al., 2011). The next section discusses the occurrence of groupthink, loss aversion, and related concepts at Weldon College.

## ***Groupthink***

The dynamics of group decision-making are complex. Groupthink can occur when decision makers suppress critical thinking and avoid deep analysis about a decision because they feel pressure to come to a unanimous consensus. This collective thinking can result in decision-makers who are hesitant to express concerns, resistant to considering alternative decisions, and overestimate the likelihood of their decision being successful (Janis, 1972). Groupthink can result in poor decision-making and accelerate organizational decline (Mellahi & Wilkinson, 2004). Although the concept of groupthink is not settled in the literature (Fuller & Aldag, 1998), there continues to be a broad application of it to explain group decision-making dynamics (Rose, 2011). Related to how the board functioned as a decision-making body at Weldon College, one board participant stated the following:

It is clear that on any board, there's a nucleus of people who are more engaged and more self-confident. They can sway the board members that are less engaged. That doesn't mean the decisions are wrong, it is just the nature of boards. Some members will come to the board with fully thought-out ideas and use data and arguments to back it up. The rest of the board will go along with powerful and ambitious ideas because people like each other and there's a feeling that there wants to be consensus. (P8\_ST)

The symptoms of groupthink conditions evident at Weldon College included discouragement of dissent, the illusion of invulnerability, and self-censorship (see Janis, 1972). Other aspects of group decision-making also evident in the data were biases, specifically loss aversion (Kahneman et al., 2011) and an incomplete survey of credible alternatives (Janis, 1972; Kahneman et al., 2011).

**Dissent Discouraged.** Participants discussed how dissenting voices were marginalized or silenced, resulting in what they perceived as poor decision-making. For example, LW discussed how this issue was evident at the president’s weekly cabinet meetings:

If anybody on cabinet presented a more realistic picture or questioned the data or was at all critical, it became this oppositional kind of [situation]. You were either in and you’re supportive, or you’re an outcast and you represent some old regime, or worse you are a “no” person or something. That “in or out” mentality defined how business was done.

Business was done by a handful of people who were yes people and not really engaged in or interested in the reality of what was going on within the finance or the enrollment sphere.

AC shared similar observations and noted how this dynamic discouraged robust debate, which he believed necessary for a healthy organizational culture:

I think there were dissenting voices within leadership, both within the board and within administrative leadership, and I just don't think that those voices were really encouraged or heard within the context of a healthy debate. You know, I think oftentimes what I observed was that dissent was discouraged or ignored or, I would say, boxed in rather than encouraged as part of a healthy organizational culture.

**Illusion of Invulnerability.** The illusion of invulnerability manifests within an organization when group members, motivated by excessive optimism, take extreme risks (Whyte, 1998). Participants alluded to this phenomenon when they characterized some of the decisions taken at Weldon College as being driven by “wishful thinking” (P2\_LW; P3\_MR), “magical thinking” (P2\_LW; P8\_ST), or “optimism bias” (P5\_SB). Participants used these phrases to describe what they believed to be the impetus behind decisions that did not have the

data to support them or decisions that could put the institution into significant financial peril.

However, one participant, ST, referenced the enrollment and financial upswing that the institution was in as a reason why decision-makers were willing to make such risky decisions. Weldon had steady enrollment growth from fall 2010 to fall 2014. However, when the decline started in fall 2015, ST explained that the reasons for the enrollment decline were opaque and unclear, leading members of the board and administration to believe the decline may have been episodic and not a trend. Organizations that experience recent success can feel a sense of invincibility, blinding them to internal or environmental risks (Weitzel & Jonsson, 1989). Therefore, this phenomenon can be a contributing factor in an organization's decline.

**Incomplete Survey of Alternatives.** Good decision-making processes necessitate the inclusion of credible alternatives (Kahneman et al., 2011) because, without credible alternatives, decision-makers operate with incomplete information (Janis, 1972). Weldon College faced a series of high-stakes decisions during this time, the most significant of which might have been the decision to develop a new campus extension. This real estate project was pursued to replace an existing space, which had an expiring lease, and the details of a possible lease renewal, including any cost increases, were unknown. Students also complained about the existing space because it was far from the main campus and had inadequate heating. However, after an unsuccessful capital campaign, the new campus extension was eventually financed, placing the school into significant debt. The decision to proceed with the project, even without the funding, came at a point when the college could have changed course and not proceeded with the new campus extension. However, this did not happen, and several participants commented that credible alternatives were never explored.

SB described this absence of credible alternatives: “I don't think anybody articulated a different path that can also support [Weldon College] toward this imagined future in any way that felt compelling, so there wasn't an equally appealing alternative.” Another participant described the impact this absence had on the decision-making process: “I think there were multiple instances where decisions were pushed forward despite advice and counsel to pursue an alternate path or to slow down or consider a different tack. I think the decision-making process itself was flawed” (P10\_AC). The decision on the new campus extension and its impact on the institution are discussed in greater detail later in this chapter.

**Loss Aversion.** Decision makers engage in loss aversion when they contemplate risky decisions because they are motivated to avoid losses more than a desire for gains (Kahneman et al., 2011). In this case, participants suggested that Weldon College proceeded with certain decisions despite mounting reasons to reverse course. In other words, they doubled down on their decision to proceed with a risky choice rather than incur a loss by changing the decision. SE stated the following:

All of the information on enrollment showed it going down, and proceeding with [the campus extension] on a wish that it will turn around versus the reality of the situation, the demographics, that was disastrous. I told the chair on the way to signing the lease that we haven't signed the lease, we can still back away. The board will not like that, he said. It's not an issue of liking; it's an issue of reality.

However, ST believed differently, saying that this project was necessary for the future of the institution. He said that if they backed out of the project, “that would have been an unfathomable disaster for the school.” ST believed that if Weldon College completed the campus extension, it would be a draw for students and reverse the enrollment decline: “We assumed, if

we will build it, they will come.” ST further suggested that the project was an architectural success, but the “success relied on either fundraising or building enrollment, both of these failed. As I mentioned, I was skeptical of the ability to fundraise, but I was surprised that after completion, enrollment continued to drop.”

**Self-censorship.** Self-censorship occurs when decision makers suppress their opinions when they conflict with or contradict the predominant thinking of the group majority (Janis, 1972). This issue can manifest when minority group members either remain silent or give an equivocal opinion that is difficult to decipher and unpersuasive. This phenomenon was most evident at the board level and aligned with the belief of the board participants that unanimous consensus was important. For example, one board participant explained his reason for voting in a way that was contradictory to what he believed by saying, “I didn't have the votes to kill it, and I thought that if we're going to do this, we had to be all in, so I changed my vote in the end so it would be unanimous” (P8\_ST). Another board member explained, “I'm the board chair, but I have only one vote, and as the board chair, I have an obligation to do the will of the board” (P9\_DW).

The data presented in this section on leadership suitability in institutions of higher education brings into question the aptness of the president and board to lead the institution. Although one participant felt strongly that the board worked hard and functioned well as a decision-making body, other participants described leaders lacking the expertise, skillset, or temperament to govern Weldon effectively. The findings discussed in this section highlight the need for colleges, particularly small, highly enrollment dependent colleges, to be led by presidents and boards of trustees with the skillset and temperament to lead a small institution of higher education successfully.



## **Niche Shape and Enrollment Collapse**

Organizational decline driven by external changes can be explained by environmental niches, defined as the supply of resources coupled with the demand for these services (Zammuto & Cameron, 1982; Zammuto et al., 1983). Environmental niches change over time, suggesting the urgency for colleges and universities to be sensitive to potential changes and prepared to adjust in response. Changes in a niche's size or shape can result in organizational decline (Zammuto & Cameron, 1982). When there are measurable changes in demand for an institution's offerings, such as when students preferred field of study changes, this is referred to as a change in niche shape (Zammuto et al., 1983). A change in niche size occurs when there is a decline in the number of prospective college students, such as when fewer students graduate from high school or economic conditions shift (Zammuto et al., 1983). Factors associated with changes to niche size, such as changing student demographics, and changes to niche shape, such as increased demand for professional programs, were discussed at length in the literature review in Chapter 1.

The overlapping concept with environmental niches is whether the environmental change is continuous or discontinuous with past experience (Zammuto & Cameron, 1982; Zammuto et al., 1983). Continuous change can be thought of as predictable, whereas discontinuous change is abrupt and unanticipated (Zammuto et al., 1983). Finally, as Table 5.3 illustrates, the intersection of niche shape, niche size, continuous change, and discontinuous change represents four potential causes for enrollment decline. Weldon College's niche shape and the discontinuous change, as defined by Zammuto et al. (1983), and the subsequent enrollment collapse is the second theme of this study.

**Table 5.3***Environmental Decline and Institutional Response to Enrollment Declines*

| Types of change | Continuity of environmental change  |  |
|-----------------|---|--|
|                 | Continuous change   | Discontinuous change   |
| Niche size      | Decline type: Erosion<br>Example: Comprehensive universities<br>Response: Minor realignment | Decline type: Contraction<br>Example: 2-year colleges<br>Response: Reconstruction  |
| Niche shape     | Decline type: Dissolution<br>Example: Baccalaureate colleges<br>Response: Expansion         | Decline type: Collapse<br>Example: Specialty colleges<br>Response: Experimentation |

*Note.* Adapted from “Environmental Change, Enrollment Decline and Institutional Response: Speculations on Retrenchment in Colleges and Universities,” by R. F. Zammuto, D. A. Whetten, and K. S. Cameron, 1983, *Peabody Journal of Education*, 60(2), p. 98. Copyright 1983 by Taylor & Francis, Ltd.

***Enrollment Collapse***

In the above typology, Weldon College would fall in the lower right quadrant, meaning the type of change was to the niche shape and was discontinuous with past experience. Some participants perceived the change as discontinuous stating that Weldon College had a history of erratic enrollment trends but that “nothing like this had happened in the history of [Weldon College]” (P8\_ST). The result of discontinuous change coupled with changes to niche shape is enrollment collapse (see Zammuto et al., 1983). When collapse occurs, institutions do not have adequate previous experience to know how to navigate the crisis and reverse the trend. AC described the administrative response as blaming individuals as opposed to looking at more macro or systemic issues.

There was a lot of blame that was directed toward enrollment, toward marketing, toward the delay of the website rollout ... those were ancillary. Right? They're not core to the actual issue. ... I think there was a propensity to cast blame on individuals, rather than look at the overall structural issues that were playing out right in front of us.

## ***Programs and Curriculum***

The second theme of this case study relates to Weldon College's niche shape. Specifically, the programs and curriculum that the institution offered no longer aligned with student interests, which contributed to the subsequent enrollment collapse. In this case, the environmental change was discontinuous because it was unexpected and rapid. Although there remained lingering interest in the type of programs Weldon offered, with some students still enrolling, there was no longer a critical mass, which contributed to Weldon's enrollment decline. Weldon was a highly specialized college with only eight undergraduate majors and three graduate programs. The unique focus of the college was a source of pride touted on Weldon College's website and marketing materials. In fact, in the 2012 interview referenced in the previous section, the president described this choice as a deliberate decision when he said:

[Weldon College] is—for lack of a better description and I haven't come up with one yet—a Fine Art school. We don't teach design, architecture, or fashion. That's where a lot of the gravy is, frankly, in the art school business. But we're far from a business in that sense. So that sort of very deliberate choice of an institution to focus on the core of art appealed to me very much. (PRES-A)

However, the narrow curricular focus was not without criticism, with many participants suggesting it might have put the college at a distinct disadvantage. When asked about the declining enrollment, AR commented, "I think the board was concerned, but I don't think we knew how to deal with that . . . and [program] diversification would have been very important at that time and we didn't diversify."

AC described it as the following: "I think there was a presumption that the curriculum was fine and did not need to be reconsidered or reevaluated or refreshed. I think in hindsight

students weren't that excited about coming there or became progressively less excited.” Finally, one board participant concluded, “I don’t believe there was this huge body of potential students we were missing out on. The disaster was there just wasn't the marketplace for this kind of offering anymore” (P8\_ST).

This finding relates to the resistance by the institution to make changes in its niche shape even though student demand was declining. Students make decisions about what college they will attend based upon the types of programs and majors a school offers. Participants also talked about other reasons for the decline in student interest, such as the high cost of tuition, student loan debt, and career prospects after graduation. However, high cost alone is not always a deterrent for prospective students if the programs being offered align with high-earning career opportunities. As discussed in Chapter 1, when selecting a college, students weigh the cost of tuition with the types of jobs available to them after graduation. However, not only were there only very specialized programs offered at Weldon, but the programs also did not lead to obvious career pathways. As LW explains:

There was zero conversation around trying to articulate and plan for what the real issues were in the larger higher [education] landscape. There was a tidal wave of students who no longer want to take out an incredible, lifetime's worth of debt, to have a fine arts degree that may or may not help them get a job to pay off that debt, and there was no, no, no acknowledgement of that at all.

Other participants shared the concern that the absence of tangible career outcomes contributed to waning student demand: “One wonders if adding courses that would lead to a more commercial career, might have attracted more students” (P8\_ST).

While other art schools in the country had already diversified program offerings to include design and commercial art intended to attract a broader range of students, Weldon College was resistant to making this shift. MR, who had served on the board for many years, suggested the resistance to change or diversify program offerings was not a new phenomenon:

Oh, it goes way, way back to the notion that [Weldon College] is devoted just to art and the concept of art and should never be beholden to any commercial inducements. So because graphic design was done for, you know, corporate clients for purposes of advertising, or ironically to put on a music performance or something like that, somehow that tainted the dedication to pure art. It's a philosophical divide that is really shopworn in my view. Some people still persist though, in the idea that that's the essence of [Weldon College].

Most participants thought that expanding program offerings could have helped with enrollment. However, suggestions by stakeholders, including board members, to include this were met with resistance. Many faculty and administrators instead insisted that being the only school committed strictly to the fine arts was a unique advantage. One board participant explained the following:

I thought that if we diversified what we offered we might be able to draw additional students, and I talked to people about this, but generally the response was, look there's schools all over that are offering electronic arts and other diversified things. We are specialized, and that makes us special. (P9\_DW)

**Faculty.** Several participants discussed the opposition by the faculty and academic leadership to consider that the program offerings and quality might have been a contributing factor to the enrollment troubles. SB stated the following:

I think some of it does go back to feeling on the academic side or with faculty . . . they would say we see that there is an enrollment problem, but we don't think it stems from us. The problem is marketing. The problem is the dorms. The problem is it's too expensive and we don't have scholarships. The problem is . . . not the education we're offering. Another participant also recognized this as a concern when he said, "I just think the curriculum was stagnant, and there was no willingness amongst the faculty or the academic leadership to explore new models" (P10\_AC).

### **Resistance to Change and Threat Rigidity**

Resistance to change, one of the 12 negative attributes associated with decline discussed in Chapter 2, happens when leaders perceive environmental changes as threats but respond by hunkering down and maintaining the status quo. This issue leads to uncertainty and stress, constricting the institution's ability to respond effectively to the threats and resulting in a threat-rigidity response (Cameron & Smart, 1998; Moran, 2016).

ST suggested that the resistance was driven by uncertainty if new programs would have an impact: "The school could have shifted curriculum to cater to a more commercial mindset, but there was strong resistance to change and disagreement as to whether a change would have made any difference." However, he clarified his perspective:

Throughout, there was a very conservative feeling about keeping the school exactly the way it was, but you have to be able to change and evolve. You have to be able to grow and expand. Artists are the leaders and the engines of change. Institutions should be able to change as well. (P8\_ST)

Another participant was more direct in her criticism of the resistance to change in response to environmental threats. She also pointed out the reluctance by various stakeholders, including faculty, to accept some responsibility for the problem:

I think I would put this on various people, but, perhaps, especially on faculty and academics, just a real resistance .... it was everybody else's problem. Their thing was great. You know, we're offering excellent programs and curriculum, and the problems are all with everybody else. And the faculty would not accept any responsibility for enrollment or retention issues. (P5\_SB)

ST pointed out that the rapid and steep enrollment decline was so sudden, that it could not have been anticipated, leaving Weldon College with no bandwidth to pivot: “It takes money and time to change. You have to have the vision to change when you are strong and healthy.” He later added, “In the last four years, we were in perpetual crisis management. There is only some much you can do. Decisions have to be triaged, and there is no time for change because that takes time.” This finding supports findings in the literature that institutions facing enrollment collapse rarely survive (e.g., Zammuto et al., 1983; Zammuto & Cameron, 1982).

### ***Resource Dependence Theory***

Drawing from RDT, organizational changes can positively impact performance by decreasing an institution’s reliance on scarce resources within the external environment (Pfeffer & Salancik, 1978). In this case, introducing new degree programs might have lessened Weldon College’s dependence on a narrow pool of prospective students interested in the specialized programs the college offered.

However, what was striking in the analysis of the 132 archival documents was that new program development or reviving existing programs was never discussed at board or board

committee meetings. There were many instances where the enrollment decline was discussed after fall 2015, but the minutes indicated the discussions were about conducting a “thorough analysis to understand causation” (BOT-U), suggesting a lack of clarity on why the enrollment declined so rapidly. At one board meeting, the interim president reported on the analysis of student exit surveys administered when students withdrew from the institution and determined that “1) [Weldon College] may not be finding the right students, 2) Academic affairs initiatives have had successes, and 3) some reasons are beyond [Weldon College’s] control” (BOT-W). The board minutes also showed that initiatives designed to reverse the enrollment decline included social media campaigns, an early action admission track, and changes to the financial aid strategy, but with no mention of possible concerns related to programs or curriculum (BOT-Z).

None of these explanations or responses addressed what many of the participants believed to be a core problem, which was the quality of existing programs and the unwillingness to consider new programs. This finding suggests an inability to understand and address the central issues, aligning with the concept of problem blindness—the third theme discussed in the next section.

### **Problem Blindness**

Weldon College underwent a strategic planning process that lasted from July 2012 until March 2013, resulting in “the articulation of a set of institutional priorities for a 5-years [*sic*] period, Fiscal Years 2014-2018 as well as their financial implications” (STP-B, p. 2). Described as a “dynamic document” developed “through an extensive cycle of discussions among stakeholders” (STP-B, p. 2), the strategic plan was presented to and approved by the board of trustees at the March 28, 2013, board meeting. Although the plan opened with a three-page description of “environmental factors” that the institution “must anticipate, consider, and respond



[to]” (STP-B, p. 10), the five strategic priorities included in the plan did not address the environmental risks. The risks discussed included the rapid increases in college costs, the stagnation of federal financial aid programs, such as the elimination of Subsidized Stafford loans for graduate students, the high student loan debt problem, and the growing concern students had about it, and the significant decline in the number of high school students in the coming decade.

One participant central to the strategic planning process stated that there was an equivocal acknowledgment that actions were ineffective and that new models needed to be explored. However, there was no meaningful action taken or resources dedicated to addressing the problem. She stated,

That wasn't really the conversation with [the president]. If you look at that strategic plan, it's sort of like we're going to do all [the same] things, but we're going to do them better than we're doing them now, in terms of how we think about students and alumni and exhibitions. It's like mostly the same things, just better versions” (P5\_SB).

The board of trustees was growing concerned about the enrollment decline of nearly 100 students from fall 2014 to fall 2015. Board meeting minutes from September 2015 stated, “The Board discussed the current drop in enrollment and [Malcolm Souza] noted that it will be crucial for [Weldon College] to conduct a thorough analysis to understand causation” (BOT-U). One board participant asserted that he never understood the problem causing the decline in enrollment:

I kept on asking over and over for data on what was happening about other schools our size and demographic to find out, to try to figure out if it was the cultural environment or [Weldon College]. I was trying to get critical thinking going on about if there was something about the school that was turning off our applicants. Was something

happening at [Weldon College] that needed to be fixed? I never really got an answer.

(P8\_ST)

### ***Blinded, Inaction, and Faulty Action***

Blinded is the first stage of organizational decline and occurs when there are shifts in the environment, such as changes in public expectations or product preferences, that the institution fails to anticipate or detect (Weitzel & Jonsson, 1989). Institutions are highly dependent on external resources, so leaders who neglect to notice environmental changes or misinterpret perceived changes cannot respond or fail to respond effectively (Milliken, 1990; Pfeffer & Salancik, 1978). Furthermore, leaders who do not understand their susceptibility to environmental changes leave the institution vulnerable to crisis (Milliken, 1990). To mitigate this risk, leaders must routinely scan the environment for actual or perceived changes (Milliken, 1990; Weitzel & Jonsson, 1989). Institutions should operate under the assumption that a stable environment is transitory, so regular environmental scanning is necessary for survival (Weitzel & Jonsson, 1989).

Institutions exhibiting problem blindness lack the ability to identify and analyze the problem effectively, so they fail to identify the corrective response (Weitzel & Jonsson, 1989) or the action they do take is faulty (Cowan, 1993; Weitzel & Jonsson, 1989). Weldon College did not establish an effective response to the problem of declining enrollment and financial instability because the leaders could not define and analyze the problem. This resulted in inaction, in which the leaders failed to decide what the corrective actions should be to reverse the enrollment decline. One board participant, DW, stated the following:

I don't believe any sort of hardcore statistical analysis was ever done regarding [enrollment at Weldon College] and I think to a great extent...this will sound awful, but

the board was so enamored with the [the new building that it] became a huge focus. The things that were in the Strategic Plan . . . were not given as much consideration as would have been appropriate, but that's with the benefit of hindsight.

Participants stated that the problems that the institution faced were dismissed as a “temporary blip” (P10\_AC) or “dip rather than a trend” (P5\_SB). The leaders were unsuccessful in identifying and analyzing the problem to determine the best course of action. LW suggested that the board did not address the problems because they failed to ask difficult questions and relied too much on faulty or incomplete information from administrators lacking the necessary qualifications to lead the institution:

I think the leadership at [Weldon College] just wanted an easy solution. You know, spend more money on advertising and make a few changes in personnel and solve the problem. I think, on the board's part, they didn't have the expertise to provide input or pushback on the leadership's claims .... They were not asking questions like, “Is what the President or the Provost telling me about enrollment, really the answer? Is it really a marketing question?” They were not asking what's going on in the broader market, and so as things got worse, I think the board got more risk averse, and deferred more to the people who were making the decisions on the admin side. I think the board assumed administrative skill and expertise was enough. There were a lot of mistakes made because of that.

### **Student Attrition**

The sharp decline in student retention was a significant data point but one that the leaders at Weldon College struggled to understand. While discussing this issue, SB stated that there was a “lack of willingness to really address core issues and to say it is unacceptable to have a 50% retention rate.” The minutes of board and board committee meetings showed that this issue was

frequently raised, but there was a lack of understanding as to why students were leaving or what action to take. The minutes from the November 2015 board meeting, occurring several months after the first of many significant drops in new and continuing student enrollment, state there would be a “renewed focus on retention” (BOT-V). Furthermore, the board minutes from January 2016 documented what the board chair identified in his report as the three challenges Weldon College faced:

Challenge #1: An overall reduction in the applicant pool at all fine art schools. Response: Improvement in facilities that will also raise [Weldon’s] profile.

Challenge #2: Exponential increase in rents driving out the creative class. Response: A long-term lease at Fort Mason Center at a fraction of market rate.

Challenge #3: Reduction in enrollment threatens [Weldon’s] budget. Response: Broad research into enrollment and retention data. (BOT-W)

The most notable aspect of this report was absence of credible recommendations as to how Weldon should respond to the enrollment concerns identified in challenge #1 and challenge #3. The minutes from this January board meeting demonstrated that, once again, there was a reference to investigating and addressing the causes of enrollment and retention declines, but without actionable items following. Finally, at the October 2016 board meeting, there was a discussion on prioritizing enrollment by developing a “comprehensive retention plan” (BOT-Z), but there were no details provided on the planning process, key deliverables or who was accountable.

When asked about why they thought student retention declined so significantly, many participants mentioned the high cost of tuition, the bitter union negotiations, and the lack of career outcomes. In fact, board meeting minutes support the assertion that the prolonged union

negotiations had a negative impact on the students. In the December 2016 minutes, the undergraduate student representative to the board shared that among an extensive list of student concerns and desired changes, one of the items was “reaching agreement on [union] contract” (BOT-ZA). The adjunct faculty voted for the union in May 2014, and more than 2 years later, the negotiations were still ongoing. However, SB suggested that the decline in retention was much more complex than that. She said, “Students didn't believe that administration cared about them, and was making decisions based on that value.” This final point raised questions about how students were considered when decisions were made. However, it was difficult to answer this question because members of the administration and the board changed so frequently, which meant priorities and goals also shifted. The problem associated with the constant rotation of leadership is the fourth theme and is discussed in the following section.

### **Revolving Leadership**

High rate of turnover is another symptom of organizational decline (see Cameron et al., 1987; Cowan, 1993). Weldon College suffered from a significant amount of turnover at all levels of the institution, resulting in a loss of talent and momentum. LW explains, “...because it was such a rotating cast of characters on the staff and board side, every six months or a year you're reinventing the what, who, and how these committees and decision making bodies were functioning.” Therefore, revolving leadership is the fourth theme of this study.

As discussed at the beginning of the chapter, Weldon had frequent changes in leadership at the board and administrative levels. For example, during the period of this study, there was a permanent and interim president, as well as three different board chairs. There was also significant turnover within the administration and on the board during this time. In addition to the presidential and board leadership changes, between 2011 and 2016, there were frequent

leadership changes in student affairs, marketing, human resources, academic affairs, enrollment, and development. In the December 2015 executive committee of the board meeting, the board chair expressed concerns about the workplace environment, to which the interim president responded that morale would be a major topic at an upcoming staff and faculty retreat (EXC-ZD).

Staff turnover was also high, causing disruption within the organization. When renewing employment practice liability insurance, one participant stated that Weldon College reported a 50% increase in staff turnover, “with more than half the people who had left [pointing] to the president as the reason for leaving” (P1\_SE). CB also pointed to turnover caused by the president, stating, “Because of his treatment of people, I had turnover in my department, and then I got blamed for that turnover.”

### ***Interim Leadership***

After beginning his tenure in 2011, the president of Weldon College resigned from his position in the fall of 2015. The board appointed the then vice president of academic affairs to be the interim president, where she served until the end of 2016. The search process took longer than anticipated, nearly a year and a half, with one board member taking over the search after the board member who initiated the search stepped down. The board leadership also changed midsearch, slowing down the process.

The impact of the prolonged presidential search and staying the course proved to be problematic because there was a series of significant decisions being made, coupled with the crisis of financial decline at Weldon. Nonetheless, the interim president maintained the position that her role was to “deliver on the current strategic plan” and not make “strategic course correction” (P10\_AC), even as enrollment had declined. SB stated the following:

I think that an approach of keep things moving and on the tracks might have worked for four to five months, but the way that various other things were happening specific to [Weldon College] and environmental, I think that was a very dangerous 15 months to just be trying to stick to a plan.

SB also suggested that there was not “thoughtful consideration about what it means to have an interim for such a long period of time.” However, she was sympathetic, saying that being “an interim leader, especially for an extended period of time, is very hard.”

Several participants questioned whether the interim president had the qualifications to lead the institution, even proposing that the board should have considered someone from outside the institution. LW stated the board should have appointed “someone with business experience, who would pay attention to the data.” Furthermore, the interim president had served as the vice president of academic affairs and was closely involved in the union negotiations. SE explained that she “already had a relationship that was adversarial with the faculty, and the faculty has an impact on students and this reflected in the enrollment drop.”

### ***Turnover and Decline***

Turnover is also one of the 12 attributes associated with organizational decline discussed in Chapter 2 (Cameron et al., 1987; Cameron & Smart, 1998). Leadership anemia occurs as the most capable and experienced leaders exit the organization (Cameron et al., 1987). With changes in leadership and consultants, Weldon College faced a cycle of lost momentum and shifting strategies. AC described it as, “Just loss of momentum...and you know, loss of a kind of coherence around decisions that had been made.”

One participant discussed how this issue impacted fundraising because “institutional turnover resulted in just a loss of long-standing supporters” (P10\_AC). AC added that it created a

loss of momentum because “nonprofits are really built on relationships, and when you lose people, you start to lose those relationships.” Another board participant also talked about the impact of turnover on fundraising because “every time you push and then drop, you do lose momentum” (P6\_JC).

The turnover in administrative leadership also disrupted successful, coordinated enrollment activities. For example, the increase in student retention from 53% in fall 2011 to 69% in fall 2014 was attributed to the work of a high-functioning, cross-departmental retention committee that had been established to address the retention issues. However, “when the leadership at the enrollment level changed, the committee was dissolved .... The more critical and influential voices on the staff side were no longer there” (P2\_LW).

The lack of cohesive continuity in leadership led to instability and low morale. One participant explained that the excessive turnover created a campus climate in which “people don't feel heard, people don't feel valued, morale [was] bad” (P5\_SB). SB added that this issue “does underscore the importance of sustained, consistent leadership, and obviously, you want to sustain that leadership if that person is the right fit for the organization's vision, mission, and needs.” Weldon College struggled to implement or sustain a strategic direction because the institution was consistently churning leaders. It also impacted the staff who, absent any stable leadership, experienced an organization in constant change and turmoil. Many staff resigned out of frustration. The turnover further impacted students who saw staff members that they knew and trusted leave the institution

Even with the challenges associated with the continual turnover, AC suggested that the turnover in leadership could have presented an opportunity to re-evaluate the strategy: “I think there were certain points at which in various leadership transitions, board leadership transitions,



president leadership transitions, the decisions were made to just press forward rather than fully vetting alternate paths.” However, another participant observed that having the interim president resulted in a “gravitational pull toward the status quo ... and makes it much harder to say this whole thing isn't working” (P5\_SB).

The fifth and final theme was the institution’s inability to lessen its reliance on tuition as the primary revenue source. The failure to diversify revenue and the impact are discussed in the next section.

### **Failure to Secure Alternative Revenue**

Institutions with diversified revenue sources generally maintain a stronger financial position than those with more concentrated revenue sources (Chang & Tuckman, 1994). However, institutions are financially vulnerable when dependent on a narrow pool of resources (Pfeffer & Salancik, 1978). Therefore, entrepreneurial leaders of institutions of higher education should engage in identifiable practices that lead to increased sources of alternative revenue (Esters et al., 2008). Weldon College never successfully articulated and executed plans to diversify revenue so that the institution was less dependent on tuition revenue. At its peak, 97% of Weldon’s core revenue came from tuition; although the leaders understood this situation as a risky position, they never effectively addressed it. This serves as the fifth and final finding of this study.

### ***Unfulfilled Strategic Priority***

One stated objective in Weldon College’s 2014 strategic plan was to “strengthen financial resources to support all areas of institutional operations and lay the foundation for long-term stability, with a particular emphasis on diversifying income sources” (STP-B). Weldon was highly tuition-dependent, with 97% of core revenue coming from tuition and only 3% coming

from contributed income, resulting in “a very real vulnerability in the business model” (STP-B). Initiatives outlined in the plan and intended to reduce reliance on tuition included increasing the size and capacity of the board, increasing contributed income to 15% of revenue by 2018, developing a strategy to find capital improvements with nontuition resources, increasing the number of non-degree offerings, and decreasing debt while increasing savings.

Increasing nontuition revenue was identified as a strategic priority, but Weldon did not prioritize this initiative beyond efforts to increase fundraising and pursue a capital campaign. Participants stated that Weldon lacked “the expertise” and that there were no serious efforts made to increase non-tuition revenue. LW explained the following:

There was not really significant thought, planning, research, or resources put into looking at revenue, other sources of revenue or partnerships, or any kind of measure that would have made the institution less tuition-dependent or put them in a position to have cooperative arrangements with other institutions.

### ***Inaction***

The leadership struggled with inaction, advancing the organizational decline (Weitzel & Jonsson, 1989). Attributes of the dirty dozen became evident, including loss of innovation and no slack, meaning resources were committed to maintaining operations and were unavailable to invest in new initiatives (see Cameron et al., 1987). Ideas, such as developing online credit and noncredit courses or pursuing tech companies with leaders who could want Weldon nondegree courses taught at their site, were discussed at committee meetings. In response to this, a task force was created (FINEXC-C). However, subsequent board committee and board meeting minutes did not document reports or updates on the work of the task force, suggesting there was no meaningful follow-through. One participant offered the following explanation:

Online education was always put out as this a thing [Weldon College] can get into, and what those conversations usually came down to is like, there's a significant upfront cost to this, and [Weldon College] didn't have the capital to do it. (P5\_SB)

### ***Fundraising***

Another element of the strategic plan was for Weldon College to establish a campus extension near the main campus to be used primarily for graduate student studios and instruction. The facility that was in use at that time was a leased building on the other side of the city, not easily accessible from the main campus. The decision to pursue this new campus extension was built around two assumptions: (a) Weldon College could raise the money to pay for it with a \$24 million capital campaign, and (b) enrollment would grow modestly to 778 students by fall 2018. Neither of these two assumptions materialized, but the interim president and board proceeded with the lease and construction of the new campus extension, financing it through borrowing and rationalizing the debt by affirming that it would attract new students. Weldon College struggled to meet its fundraising goals, particularly for the capital campaign, which began early in the president's tenure, as the desire to establish the new campus became a top priority.

**Barriers to Fundraising.** Weldon College did not have a history of securing generous philanthropic support or building a substantial endowment. MR suggested that increasing philanthropic support was a chronic challenge, largely driven by the financial problems the institution faced over the many years:

There never was the depth of philanthropic support, and because [Weldon College] has been so tainted by its financial, constant financial problems, people who were not deeply loyal and hadn't been involved for many years weren't going to fork over money because they didn't trust [Weldon College] to do the right thing.

With few exceptions, there was not substantial wealth on the board, and the fiscal instability of Weldon College had soured many wealthy donors in the community on supporting it, many of whom valued the institution and the contributions it made to the culture of the city but were reluctant to financially support it. One administrator shared that there was too much confidence on the part of the board that the campaign would be successful and that the philanthropic community would galvanize around the project:

The reality is that didn't happen. It is very clear that the community doesn't care that much, or that so many things have happened over the years that the trust had eroded or was missing from the community and [Weldon College]. (P2\_LW)

**Disregard Counsel and Experts.** CB expressed how concerned she was about proceeding with the capital campaign: “There had not been time to adequately introduce the new president to former donors, to re-engage even former trustees, much less former donors, and there was not sound credibility to successfully administer a capital campaign.” After sharing her concerns with the president and board leadership, she believed that she was “quickly sidelined” until she eventually resigned under pressure.

This event was not isolated. Leaders at the institution often made decisions contrary to the advice and counsel of subject matter experts, including staff and consultants. AC noted the following:

The advice that was received both by leadership and the board from our fundraising consultant was that we weren't ready, that we needed to build the board first, and that we needed to develop the internal fundraising capacity to ensure that the campaign would be successful. ... The advice was very clear and grounded in you know, their experience in

managing successful campaigns and in the end, you know, the institution ignored that advice really to its peril.

This was a common refrain throughout the interviews, calling into question the extent to which the decision makers effectively used data and information to inform their decisions. When asked to describe their perceptions of the decision-making process and how data were used, there was a range of answers from the participants, depending on the types of decisions. The most significant of which was whether or not to proceed with the campus extension, even as enrollment was declining and the capital campaign was failing. Even when confronted with these two realities and the input from experts and consultants to not proceed, the leadership ultimately decided to pursue the project anyway.

### ***Failed Fundraising Leads to Debt***

With the failure of the capital campaign but an unwavering desire by the more vocal board members to proceed with the new campus extension, the institution pursued financing to pay for the project, believing that the funds would be raised on the back end to satisfy the debt. The interim president was in place at this point and supported the effort to continue pursuing the established direction. There was a general belief that the campus extension was a good decision if the money had been raised. SE noted the following:

It was a good decision, if the condition for it to proceed, our conditions were met, the major one being a capital campaign to raise the necessary funds. Within a short period of time, it became obvious that funds could not be raised.

However, not everyone on the board was supportive, with one board participant saying, “I thought we couldn’t afford it” (P3\_MR) and another declaring she “thought [borrowing the money] was insane” (P9\_DW).

The subsequent result was that the money was not raised, and the institution went into considerable debt to fund the project. Although Weldon College had experienced financial instability many times in the past, this time was different:

We had so over extended [Weldon College's] capacity to respond, I mean, the debt was unsustainable. \$20 million in debt. ... This time, the debt was twice the size of the endowment. There was no room to play. There was no room to maneuver. (P3\_MR)

### **Summary**

The five findings of this study included (a) leadership suitability in institutions of higher education, (b) niche shape and enrollment collapse, (c) problem blindness, (d) revolving leadership, and (e) failure to secure alternative revenue. The themes were developed using procedures detailed by Braun and Clarke's (2021) reflexive thematic analysis. The following sections include answers to the research questions and the conclusion. The conclusion provides the outcomes of the study that colleges in similar conditions should consider, specifically (a) becoming an adaptive organization; (b) appointing leaders with the aptitude to lead an institution of higher education; (c) encouraging dissent, debate, and credible alternatives; and (d) embracing partnerships.

### **Research Questions and Discussion**

Based on the findings discussed earlier in this chapter, the following is a presentation of the research questions. As a reminder for the reader, the three research questions for this study included the following:

- RQ1: How was data collected, analyzed, and used to inform key decisions at the institution?

- RQ2: What decisions were made that may have contributed to the decline of the institution, including lower enrollment and financial insolvency?
- RQ3: What was the institutional response to the enrollment drop, organizational decline, and subsequent financial crisis?

### **Data Use in Decision-Making (Research Question 1)**

This question asked how decision makers at Weldon College collected, analyzed, and used data when making critical decisions. Some board participants believed that data and information were well gathered and used, providing examples in their interviews. One board member said that “information was pretty well gathered and pretty well used” (P9\_DW), while another said, “The board, for the most part, made financial decisions that were extremely well researched” (P6\_JC).

However, the two critical events discussed in this chapter, the enrollment collapse and the decision to proceed with the campus extension even as enrollment declined and the capital campaign failed suggest something different. The leadership struggled to understand why enrollment had declined, leaving them incapable of developing an effective strategy to reverse the decline. Leaders at the-institution did not seriously consider whether the programs and the curriculum offered were contributing factors to the enrollment problem. In fact, there is no evidence to suggest it was something studied or discussed. The data showed that individuals and departments were blamed for the problems of the institution, and the solution pursued was to hire new people or rebuild departments. However, this action did not solve the problems, and the continual churning of staff further destabilized the institution and accelerated the decline. The institution was in decline, even when enrollment was episodically increasing between 2010 and

2015, because student demand for their programs was beginning to wane. However, the leaders did not adapt the niche shape to respond to the changing market.

Additionally, the two assumptions used when deciding on the campus extension, increasing enrollment and a successful capital campaign, proved to be false assumptions. More importantly, this finding came to light before the board entered into the agreement for the new campus, and they authorized the financing, which put the institution in debt. Therefore, these results suggest that the institution was unsuccessful in effectively using data and information to inform some of the most critical decisions.

### **Decisions Leading to Decline (Research Question 2)**

As the discussion on the first research question suggests, the leadership at Weldon College decided to proceed with a campus extension project despite declining enrollment and a stalled capital campaign. The decision to proceed with the project was based on a belief that the new campus extension would be so attractive to prospective students, it would reverse the enrollment decline. However, there was no data or information to support this assumption. On the contrary, participant interviews and archival documents repeatedly referenced an absence of clarity or understanding around why the enrollment declined so rapidly. The data also showed that the capital campaign was unsuccessful, and even though the president publicly stated many times that the campus extension would only happen if the capital could be raised, the institution instead took on significant debt to fund the project.

There was also the critical event of the adjunct unionization. Although it is impossible to quantify the impact that the movement to unionize and the subsequent protracted negotiations had on the faculty and students, the data suggested that it had a significant impact. The



unionization effort was referenced by all of the participants, except for one, as a factor in the poor student retention and the negative campus climate.

In addition to staff turnover, Weldon College also had inconsistent presidential leadership. Between 2010 and 2020, the school had six different presidents, including three interims. Furthermore, the president who led Weldon from 2011 to 2015 had extensive experience in museums but had never worked in higher education. Decisions made by the president, such as publicly resisting union efforts or promoting a dual focus that students interpreted as devaluing the focus on education, eroded trust within the campus community and threatened his legitimacy. Dissent was discouraged, and administrators who did speak up were characterized as negative and quickly marginalized. Furthermore, many board members lacked the personal or professional experience needed to govern an institution of higher education.

### **Leadership Response to Decline (Research Question 3)**

Weldon College could not effectively respond to the problem of declining enrollment and financial instability because the leaders were unsuccessful in defining, analyzing, and understanding the problem. Additionally, the board and administration never examined curriculum or programs as an opportunity to improve enrollment. The result was that the leaders failed to decide on the corrective actions to take to reverse the enrollment decline. The institution was also heavily tuition-dependent and recognized it as a risk in its 2014 strategic plan. However, they did not have the needed expertise to take the initiative in pursuing alternative revenue streams. Ideas were vaguely discussed at board meetings, but there was no follow-through or accountability to ensure that this strategic priority was achieved. Meanwhile, leaders did not appropriately respond to changes in the market while also making decisions that had a detrimental impact on student experience, resulting in declining retention.

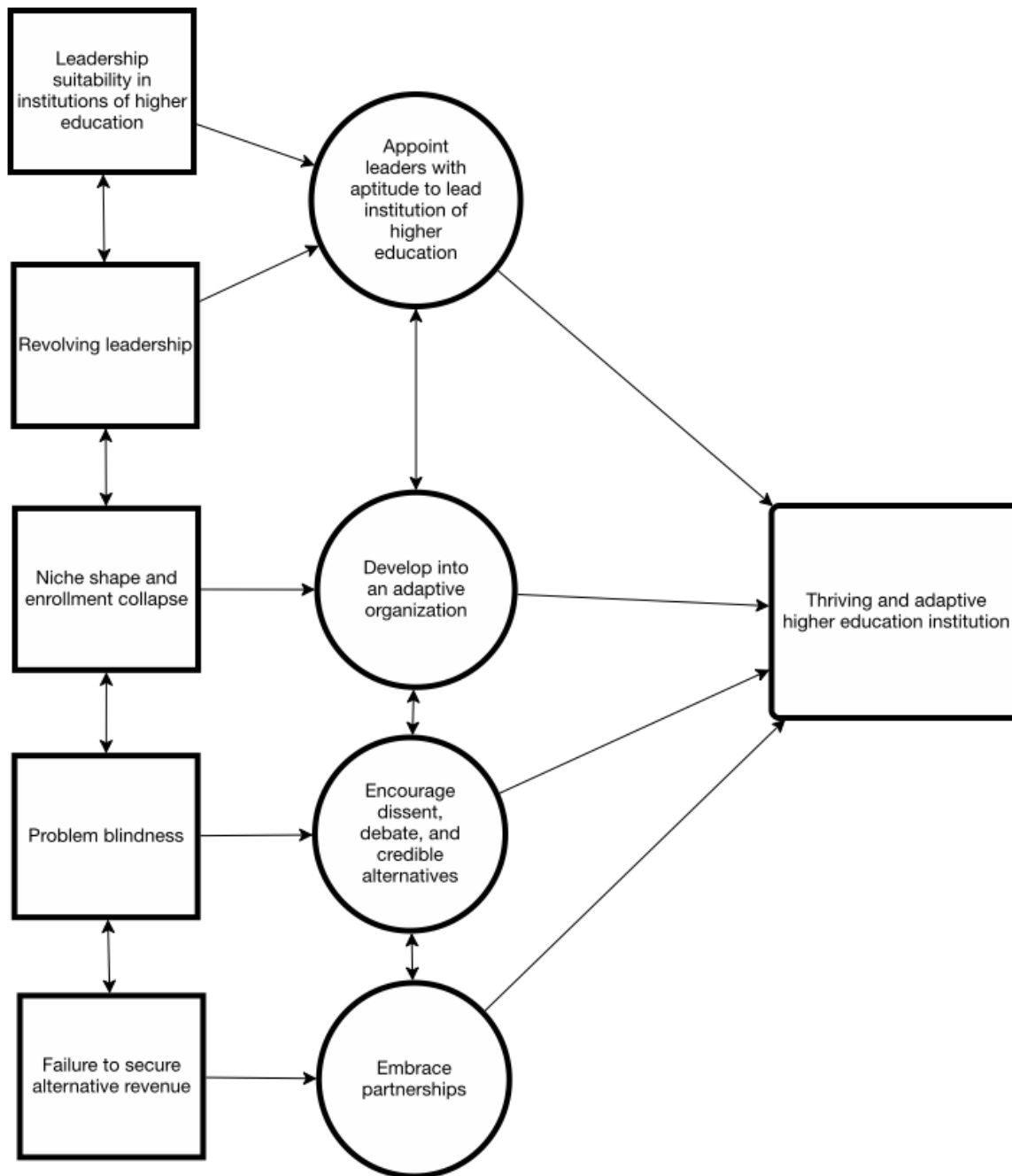
Members of the board and administration believed that completing the new campus extension was the highest priority because it would be a draw for new students and reverse the enrollment decline. Building off of this logic, the leaders made the decision to finance the project when it was clear that the \$24 million capital campaign was not achievable. There were many barriers to completing the capital campaign, including changes in the board and presidential leadership. Another barrier was the condensed timeline to raise the money, established because of external factors related to the project. The decision to proceed on this timeline contradicted the counsel of consultants and administrative subject-matter experts.

### **Conclusion**

Historical case studies can extract lessons from the past to improve future outcomes under similar conditions. This section synthesizes the findings and draws out the lessons that may be of benefit to other small colleges facing a similar set of circumstances. Institutions must be able to adapt to environmental shifts to thrive. An adaptive college must anticipate and scan for such changes even under conditions of stability. Leaders of institutions of higher education should expect that environmental change is happening, even if it is not detectable. Based upon the five findings of this study, the following are outcomes of this case study for other institutions to consider: (a) becoming an adaptive organization; (b) appointing leaders with the aptitude to lead an institution of higher education; (c) encouraging dissent, debate, and credible alternatives; and (d) embracing partnerships. Figure 5.1 shows the five findings of this study and how they connect to the four recommended organizational responses.

**Figure 5.1**

*Findings and Recommended Organizational Responses*



**Develop Into an Adaptive Organization**

By adopting adaptive strategies, struggling colleges improve their chances of a successful organizational turnaround. Institutions that maintain the status quo while tolerating a culture

resistant to change lack the ability to detect and respond to external changes that threaten the organization. However, instituting an adaptive organizational culture can feel impossible when an institution is already in a state of decline. SB acknowledged the need for Weldon to become an adaptive organization but also recognized the challenges:

You need another planet with its gravitational pull. You need something to get you out of that status quo. I was never able to identify that. People were working their butts off, trying to tread water and soldier through the needs of running an institution that was under resourced and in various forms of distress all the time.

Decline can also occur when institutions fail to pursue opportunities for growth or improved market position, so leaders should scan the environment for opportunities as well as threats. The headwinds were imminent at Weldon College even as the enrollment was increasing and there was a financial surplus. In fact, the leaders were aware of the looming risks, even including them in the strategic plan. However, they still failed to take substantive, corrective action, and the actions they did take, such as anticipating the campus extension would reverse declining enrollment, were based on faulty assumptions.

Colleges need to be adaptive, not complacent, to anticipate problems or market disruptions, and this involves expecting changes before they occur. Past success does not indicate future success and is not a justification for maintaining the status quo. This will not sustain an institution. Furthermore, the COVID pandemic continues to disrupt higher education. Less-selective colleges continue to see the greatest enrollment declines, suggesting this is the segment of institutions most in need of adaptive strategies.

Risk assessment should also be an integral part of operational planning and should be coupled with actionable items that include metrics and accountability. When an institution

becomes aware that it is in decline, the symptoms of decline should not be ignored or explained as being a “blip” or “temporary dip.” Analysis of the situation should not be postponed to see if the trend persists or hope that it will correct itself. Instead, institutions must align internal operations and the campus culture with an embedded system of structures and processes to adapt to external changes.

### **Leadership Aptitude and Stability**

This study revealed two key aspects of effective leadership at struggling colleges. The first is hiring leaders who have the skills and experience suitable for the job of leading a struggling institution into a sustainable organization. The data from this study suggest that the president and board members had achieved professional success outside of higher education. However, they did not possess the skills or temperament to lead a small, tuition-dependent institution, nor did they execute on the information in the strategic plan about changes in the higher education landscape and the impact it would have on colleges like Weldon. Being an adaptive and entrepreneurial leader can be even more essential at a small college than a large university, which means that presidents, and sometimes even board members, should get into the minutiae. They do not have to be experts in enrollment management or curriculum development, but they should have a firm understanding to ask the tough questions and identify adaptive solutions.

The second key element is maintaining stable and sustained leadership. Weldon was fraught with turnover, making it impossible to sustain any strategic direction or maintain meaningful relationships with donors and community members. Weldon College was situated in a city with the potential wealth to help sustain it, but the frequent changes in leadership eroded trust and dissolved relationships.

To be clear, both of these elements, suitable and sustained leadership, should be evident for the leadership to be effective. Poor or unqualified leaders should not be kept on to maintain the semblance of stability. The wrong leadership at a turnaround college will accelerate the decline more than the disruption of leadership transition. To get the right president, the board must remain clear on the needs of the organization and what leadership skills are required to build and lead a thriving institution. When searching for the president who would replace the interim at Weldon College, AC shared that a strategic advisor invited to a retreat said that Weldon would only survive if the board hired a president who had “experience in leading the turnaround of a small, tuition-dependent college.” Several months later, the board hired a president who also came from an art museum and did not have experience in leading a college turnaround.

### **Dissent, Debate, and Credible Alternatives**

Adaptive leaders recognize that including multiple voices in decision-making is essential to solving the wicked problems endemic in higher education. This process involves encouraging collaboration amongst a wide range of stakeholders while tolerating differing opinions and even dissent. Solving complex problems can be uncomfortable, sometimes even leading to conflict. An adaptive leader should anticipate and be prepared to tolerate and navigate such conflicts effectively.

Leaders at Weldon College were intolerant of the ambiguity and discomfort that surfaced with complex problems. They instead responded by controlling the discussion, discouraging dissent, and marginalizing those who did not align with predetermined decisions. However, as AC noted, “Organizations only have the capacity to evolve when there's a willingness to actually engage in debate, invite dissent, and explore alternative futures that may be in contrast to the

things that you thought you were there to do.” Discussions of possible risks or suggestions about alternative strategies should not be viewed as negative or oppositional. Instead, discussions should be viewed as an opportunity to explore credible alternatives and resist biases, such as loss aversion or optimism bias.

### **Embrace Partnerships**

Although pursuing partnerships was not an explicit theme in this study, the right partnerships can create opportunities for institutions to grow enrollment, create economies of scale, or secure alternative revenue streams. In fact, the failure of Weldon College to secure alternative revenue streams was a notable factor in their failure. While this strategic deficiency was largely attributable to the failed capital campaign, the institution also never dedicated the human and financial resources needed to diversify revenue and lessen its dependence on tuition.

Higher education leaders should pursue external partnerships to leverage opportunities for revenue diversification. Any partnership should align with the institution’s mission and involve multiple stakeholders to facilitate buy-in and immersion into the campus culture. Furthermore, partnerships have the potential to serve the local community while also improving the financial health of the college. Pursuit of partnerships aligns with resource dependence theory by leveraging changes in the environment and market forces to bolster an institution’s resource capacity. Entrepreneurial opportunities, such as external partnerships, offer small, tuition-dependent colleges the opportunity to strengthen their financial positions by diversifying the revenue stream.

### **Connection to the Conceptual Framework**

The findings from this study align with many of the organizational behaviors outlined in the conceptual framework. As a reminder to the reader, organizational effectiveness is weakened

when the 12 negative attributes referred to as the dirty dozen emerge (see Table 2.4).

Furthermore, being in decline does not necessarily lead to organizational failure, assuming that the leaders of the institution are able to prevent against the emergence of the dirty dozen. From this study, the attributes that were evident at Weldon include centralization, lack of innovation, resistance to change, high turnover, low morale, and no slack. These attributes relate primarily to leadership or stakeholder response to leadership and suggest that poor leadership is one of the most significant factors in ineffective institutional performance.

The manifestation of these attributes at Weldon indicates that the conceptual framework was not simply theoretical; rather, it effectively outlines many of the significant factors related to the Weldon's decline. For example, decisions were centralized at Weldon, with limited stakeholder participation in an effort by the leadership to acquire and maintain organizational control. The result was that leaders operated with limited information and engaged in poor decision-making. Additionally, high turnover happened at all levels of the organization, leading to the loss of talent, momentum, and morale. There was no slack, meaning available financial or human resources available to invest in new initiatives, which hindered innovation. Finally, threat rigidity was evident in the resistance from faculty and the academic leadership to explore new models or programs even as student interest in the existing programs was diminishing and enrollment was declining.

### **Value of Positionality**

As I conclude this manuscript, I want to discuss the distinct advantages that I found as an insider participant in this research study. Throughout the course of the study, I understood that my insiderness provided unique insights and valuable contributions to the research and findings. I propose that there are significant benefits to having case study research conducted by insider



participants. The literature on qualitative research methods is flush with cautions about researcher bias and ways it can be guarded against when the researcher is an insider participant. These methods, such as maintaining audit trails and reflexive journals, are important for addressing bias and establishing the trustworthiness of the research. Chapter 3 discusses this at length, and I clearly document my use of these methods throughout my research in order to establish the trustworthiness of my findings.

Nonetheless, being an insider participant can be an advantage as much as a limitation. It allowed me, as the researcher, to fill in gaps in the story because I knew things about the case that an outsider would not know. I relied on my positionality to strengthen the findings because I had intimate knowledge but was still trained to apply it without compromising the trustworthiness of my study. Because I was at Weldon for much of the time period of the study, I had my own lived experience of what happened and knew where to look and what questions to ask. This is a method that needs to be explored and applied more in qualitative research. Insider participant case studies allow for richly narrated, timely, and efficient research, making distinct contributions to this field of research. Finally, my history and relationships with the participants enabled richer engagement because there was an established trust and camaraderie. My inclination is that there are other researchers and doctoral students with similar positionality who should consider conducting qualitative research as insider participants, given the contributions that it makes to the field.

### **Limitations of the Study**

The first limitation of this study is that it is a single case study consisting of interviews with 10 participants and an analysis of extensive archival documents. This study had a small sample size, and the participants were limited to five administrators and five board members.

Including interviews with the permanent president, the interim president, and faculty members could have strengthened this study. As discussed in Chapter 4, the two presidents serving from 2011 to 2016 did not participate because the permanent president did not respond to requests, and the interim president declined to participate. Additionally, the one faculty chair invited to participate also declined.

Additionally, because this was a historical case study that relied heavily on memory reports from the participants, there is the risk of memory distortion (Loftus, 2003). This happens when subtle suggestions, even when unintended, made by the researcher can result in rich, detailed false memories (Loftus, 2003). These suggestions can occur by the way interview questions are written, the language or word choices that are used, or how follow-up questions in semi-structured interviews are asked. However, the researcher for this study had the advantage of access to an extensive set of archival documents that documented meetings, interviews, and decisions in real time, reducing her reliance on interview data that could include distorted memories.

Another limitation is that the researcher was an insider participant. However, as was discussed in the previous section, being an insider participant could also be an advantage because it can reveal potential unknown truths through the privileged information to which the researcher has access. Therefore, the researcher brought with her a first-hand perspective of the institution and was not limited by the participant interviews. Although such an experience could result in researcher bias, the researcher maintained a reflexive journal and an audit trail throughout the study for transparency and self-reflection. The researcher also triangulated the data through document analysis of the archival documents. Data triangulation and researcher reflexivity are two ways of strengthening confirmability in qualitative research (see Guba, 1981).

Furthermore, the researcher's relationship with the participants and her history at the college might have influenced the information the participants shared, particularly if they believed it might be perceived as critical of the researcher. Additionally, the researcher's personal and collegial relationships with the participants might have been a factor in their willingness to participate in the study. Several participants initially expressed uncertainty about participating, possibly because they felt some responsibility for its failure or were concerned that the purpose of the study was to find fault. However, once they better understood the purpose of the study, they agreed to participate.

### **Future Research**

The case study method of this study allowed the researcher to understand better the how and why of a small, specialized college's failure. The literature on closed colleges has been largely limited to quantitative studies (Lyken-Segosebe & Shepherd, 2013; Stowe & Komasara, 2016), which suggests the need for qualitative or mixed-methods studies to allow for a richer and more complex analysis of the phenomenon. Therefore, the limitation of this study as a single case suggests the need for multicase studies on failed colleges. A multicase study should be done on other small private colleges. In fact, there have been nearly 10 closures and mergers of peer colleges of Weldon, providing an opportunity to study this phenomenon across similar specialization and institution types.

Another opportunity for further study would be to understand the lived experiences of other stakeholders who have experienced a college failure. This study focused on presidential and board leadership, but further study would include students and faculty. This process may be particularly useful through the faculty lens, considering how long-serving, tenured faculty in this study were portrayed—by both administrators and board members—as resistant to change.

Given that colleges are structured around shared governance, understanding the faculty perspective on college failures would be valuable for college leaders working to adopt an adaptive organizational culture.

Finally, as was discussed earlier in this section, future research should investigate the unique advantages of insider positionality in qualitative studies. Further research on this would confirm the legitimacy of the approach, corroborate the value of insiderness in research, and expand the application of this method. Given the limited application or understanding of the value of insider participants, this would make important contributions to the field

The higher education market is rapidly changing. Nevertheless, small, specialized colleges are nimble and capable of adapting their strengths to accommodate diverse student needs. There still remains a market for these niche institutions. Thanks largely to educational technology and the increasing demand of traditionally marginalized groups, the higher education marketplace, like other sectors of the economy, needs to offer more choices to meet the evolving needs of students. Now is the time to invest more research into the sustainability of niche colleges to preserve them as an important choice in the higher education sector.

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## Appendix A: Informed Consent Form

Date: March 15, 2022  
Principal Investigator: Dr. Henry Smith  
Application No.: AM00012487

### JOHNS HOPKINS UNIVERSITY HOMEWOOD INSTITUTIONAL REVIEW BOARD (HIRB) RESEARCH PARTICIPANT INFORMED CONSENT FORM

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**Study Title:** Historical Study of Leadership of Small, Specialty College during Enrollment Declines

**Application No.:** AM00012487

**Principal Investigator:** Dr. Henry Smith, Assistant Professor of Education at Johns Hopkins University.  
(Student Investigator: Elizabeth Mihopoulos, M.A.)

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You are being asked to join a research study. Participation in this study is voluntary. Even if you decide to join now, you can change your mind later.

#### 1. Research Summary (Key Information):

The information in this section is intended to be an introduction to the study only. Complete details of the study are listed in the sections below. If you are considering participation in the study, the entire document should be discussed with you before you make your final decision. You can ask questions about the study now and at any time in the future.

This research will be conducted in the context of a dissertation for the Doctorate of Education, under the supervision of a JHU faculty member. The purpose of this study is to examine the leadership condition at a small, highly specialized college during a period of historic high enrollment and financial surpluses followed by a rapid enrollment and financial decline. This historic case study looks at how information was used in the decision-making process, how decisions may or may not have contributed to the organizational decline, and how the leadership responded to the decline. In this study, the leadership team refers to members of the board of trustees, the president and the administrative team.

The data source for this qualitative study will include semi-structured interviews with participants who were employed at the institution and had first-hand interactions with the administrative and board leadership. Additionally, the data include documents collected from the institution during the stated study period of August 2011 until December 2016.

#### 2. Why is this research being done?

This research is being done to understand the leadership condition over a four and a half year period at a small, highly specialized college when it experienced historic enrollment and financial surpluses before beginning a rapid enrollment and financial decline. This historical study will involve semi-structured



interviews with staff and faculty who have first-hand knowledge of the leadership condition from August 2011 to December 2016, as well as collecting, coding and analyzing existing institutional documents from that time period. The objectives of this study are to understand how information was used in the decision-making process, how decisions may or may not have contributed to the organizational decline, and how the leadership responded to the decline. We anticipate that no more than 10 people will participate in this study.

The potential interview participants will be former board members, administrators and faculty trustees who worked closely with members of the administrative or board leadership from August 2011 through December 2016. The pool of participants was elected using purposive sampling, focusing on participants who were in leadership positions at the college and were involved in or observed the decision-making process. This allows for participants who have first-hand experience of the leadership condition at the institution. The researcher is an insider participant with relationship ties to board members, the administrators, and faculty, and will request their participation in the study by emailing each of them a recruitment letter.

We anticipate that no more than 10 people will take part in this study.

### **3. What will happen if you join this study?**

If you agree to be in this study, we will ask you to do the following things:

Each participant in this study will participate in a one-on-one, semi-structured interview, lasting approximately 60 minute. While the researcher will have prepared questions, the semi-structured nature of the interviews will allow for flexibility so the participants can freely share their lived experience during the period of time that is under study. The interviews will be recorded and transcribed, and the researcher will take notes during the interview to record aspects of the interviews, such as body language and facial expressions, that cannot be captured on a voice recording. In order to increase validity of the study, the researcher will provide the participants an opportunity to review the transcripts of the interview to confirm that the transcript accurately reflects their intended meaning.

#### **Photographs/Video recordings:**

As part of this research, we are requesting your permission to create and use an audio recording of the interview. The researcher will transcribe the interview and allow the participant to review and make edits to any content that the participant believes does not accurately reflect their intended meaning. Any audio recordings will not be used for advertising or non-study related purposes.

You should know that:

- You may request that the audio recording be stopped at any time.
- If you agree to allow the audio recording and then change your mind, you may ask us to destroy that recording. If the recording has had all identifiers removed, we may not be able to do this.

#### **How long will you be in the study?**

You will be in this study for approximately one hour.

### **4. What are the risks or discomforts of the study?**

You may get tired or bored when we are asking you questions or you are completing questionnaires.  
You do not have to answer any question you do not want to answer.

We do not anticipate that you will be harmed or distressed as a result of participating in this project. The risks associated with participation in this study are no greater than those encountered in daily life. There is the risk that information about you may become known to people outside this study. However, all identifying data collected for this study will be de-identified, and any comments you make will not be attributed to you personally.

**5. Are there benefits to being in the study?**

There are no direct benefits to you from participating in this study. However, your participation may advance and influence the effectiveness or administrative and board leadership at small, private, specialized colleges.

**6. What are your options if you do not want to be in the study?**

Your participation in this study is entirely voluntary: You choose whether to participate. If you decide not to participate, there are no penalties, and you will not lose any benefits to which you would otherwise be entitled.

**7. Will it cost you anything to be in this study?**

No.

**8. Will you be paid if you join this study?**

No.

**9. Can you leave the study early?**

If you choose to participate in the study, you can stop your participation at any time, without any penalty or loss of benefits. If you wish to stop, please tell us right away. If you want to withdraw from the study, please notify me through email of your intent to withdraw.

**10. Why might we take you out of the study early?**

You may be taken out of the study if:

- Staying in the study would be harmful.
- You fail to follow instructions.
- The study is cancelled.
- There may be other reasons to take you out of the study that we do not know at this time.

If you are taken out of the study early, Johns Hopkins may use or give out your information that it has already collected if the information is needed for this study or any follow-up activities.

**11. How will the confidentiality of your data be protected?**

Any study records that identify you will be kept confidential to the extent possible by law. The records from your participation may be reviewed by people responsible for making sure that research is done properly, including members of the Johns Hopkins University Homewood Institutional Review Board and officials from government agencies such as the National Institutes of Health and the Office for Human Research Protections. (All of these people are required to keep your identity confidential.) Otherwise, records that identify you will be available only to people working on the study, unless you give permission for other people to see the records.

The researcher will take every necessary step to ensure that all identifiable information is protected and confidentiality maintained. This includes the safekeeping of the interview and document data on access-controlled data storage and accessible only to the researcher, elimination of identifiable information, use of pseudonyms for all participants, and also an unidentifiable descriptions of the college including its location, mission and specialization. This data will be stored on the researcher's computer, which is password protected.

**12. What other things should you know about this research study?**

**What is the Institutional Review Board (IRB) and how does it protect you?**

This study has been reviewed by an Institutional Review Board (IRB), a group of people that reviews human research studies. The IRB can help you if you have questions about your rights as a research participant or if you have other questions, concerns or complaints about this research study. You may contact the IRB at 410-516-6580 or [hirb@jhu.edu](mailto:hirb@jhu.edu).

**What should you do if you have questions about the study?**

You can ask questions about this research study now or at any time during the study, by talking to or calling the researcher of this study, Elizabeth Mhionoulos, at [REDACTED]. You may also contact the Principle Investigator, Dr. Henry Smith at [REDACTED]. If you cannot reach the principal investigator or wish to talk to someone else, call the IRB office at 410-516-5680.

If you have questions about your rights as a research participant or feel that you have not been treated fairly, please call the Homewood Institutional Review Board at Johns Hopkins University at (410) 516-6580.

Date: March 15, 2022  
Principal Investigator: Dr. Henry Smith  
Application No.: AM00012487

**13. What does your signature on this consent form mean?**

Your signature on this form means that: You understand the information given to you in this form, you accept the provisions in the form, and you agree to join the study. You will not give up any legal rights by signing this consent form.

**WE WILL GIVE YOU A COPY OF THIS SIGNED AND DATED CONSENT FORM**

|                                       |              |           |
|---------------------------------------|--------------|-----------|
| Signature of Participant              | (Print Name) | Date/Time |
| Signature of Person Obtaining Consent | (Print Name) | Date/Time |

**NOTE: A COPY OF THE SIGNED, DATED CONSENT FORM MUST BE KEPT BY THE PRINCIPAL INVESTIGATOR; A COPY MUST BE GIVEN TO THE PARTICIPANT.**



## Appendix B: Participant Recruitment Letter



### Participant recruitment letter:

Date:

Dear [NAME],

You are invited to participate in my research study examining the leadership and decision-making process at [Weldon College] during a period of historically high enrollment and financial surpluses followed by a rapid enrollment and financial decline. I am conducting this research as a doctoral candidate at Johns Hopkins University, with a specialization in Entrepreneurial Leadership in Education.

My dissertation is a historic case study that looks at how information was used in the decision-making process, how decisions may or may not have contributed to the organizational decline, and how the board and president responded to the decline. My research questions for the study are as follows:

- RQ1: How was data collected, analyzed and used to inform key decisions at the institution?
- RQ2: What decisions were made that may have contributed to the decline of the institution, including lower enrollment and financial insolvency?
- RQ3: What was the institutional response to the enrollment drop, organizational decline, and subsequent financial crisis?

My interest in this research is deeply personal, as I was an administrator at the college during many of the years under study. Like many small, private colleges in the United States, [Weldon College] faced mounting external pressures leading to declining enrollments and increasing deficits, making it challenging for the institute to stabilize enrollment and finances. I hope to find insights that can help other small, private colleges understand the critical role of leadership and the decision-making process in their college's ability to prosper. Your insight will contribute greatly to my research.

As a [former board member / administrator / faculty member] at [Weldon College], you have a unique perspective on the decision-making process at the college during this critical period. I am writing to inquire if you would be willing to speak with me about your experiences and observations. If you agree, I will schedule a call with you via phone or zoom, and the interview



should take about 60 minutes. Your participation in the study will be completely anonymous; neither your name, nor the institution's name will be used in any way.

Please let me know at your earliest convenience if you are available to participate in this study, and if so, what days and times work with your schedule.

Thank you,

Elizabeth Mihopoulos (O'Brien)

~~EdD~~ Candidate

Johns Hopkins University

## Appendix C: Interview Guide

### Interview Questions Guide

**Context:** Between 2011 and 2016, [Weldon College], a small, highly specialized college, underwent a period of enrollment surge followed by rapid decline. In the summer of 2022, [Weldon College] announced that it was closing. This historic case study looks at the leadership condition during this time period, specifically how information was used to make decisions and the decision-making process, how decisions may or may not have contributed to the organizational decline, and how the board and the president responded to the decline.

#### Research Questions:

- RQ1: How was data collected, analyzed and used to inform key decisions the institution faced?
- RQ2: What decisions were made that may have contributed to the decline of the institution, including lower enrollment and financial insolvency?
- RQ3: What was the institutional response to the enrollment drop, organizational decline, and subsequent financial crisis?

**Participants:** Former board members and administrators who worked at [Weldon College] between August 2011 and December 2016.

**Process:** Email participants the consent form prior to the interview and request it be signed and returned before the interview. Review the consent form and ask participant if they have questions about the form or participation in the study. Ask for permission to audio record the interview. Begin audio recording. The voice memo application from two iPhone devices (one serving as back-up) will be used to audio record the interviews.

**Introduction (during interviews):** The purpose of this interview is to understand the decision-making process, how data was used to make decisions, and the organizational response to decline. Your responses to this interview will be de-identified and any comments you make will not be attributed to you personally. The interview should take about 60 minutes.

I ask that you answer the questions to the best of your knowledge and recollection. If you are uncertain of how to answer any of the questions, it is fine to ask for clarification or state that you are not sure how to answer the question. The goal is to hear from you about your perceptions of decisions that were made, priorities of the board and the president, and the impact these decisions may or may not have had on the institution.

I want to understand your experiences from your point of view. I want to understand the meaning of your experience, to perceive things as you perceive them, and to explain things as you explain them.

Do you have any questions before we begin?

The following questions have been designed based on a preliminary document analysis. The preliminary themes that emerged include decision-making, enrollment declines, institutional priorities, and purpose and anticipation of and response to environmental risks.

## **Interview Questions**

### **Introduction**

1. What was your role at the institution and how long were you there?

### **Decision-making**

2. What decisions were you involved in while in your role at the institution? Can you give an example?
3. As you think about decisions that were made by the board or the administration, what were your perceptions of the decision making process?
  - a. Thinking about decisions processes that range from inclusive with multiple-stakeholder input, to those made by a centralized figure, where do you feel the institution generally falls?
  - b. Describe your view of the level of buy-in and support from the community for decisions once they were made?
4. Can you describe a decision made by the board and/or administration?
  - a. Can you tell me about how data was used to make this decision?
  - b. What was the impact of that decision on the various stakeholders?
5. In a student town hall that the president and the board chair hosted in 2013, the president stated that the graduate center project would not proceed if the needed money could not be raised by a capital campaign. The documents show that the majority of the money for the project was not raised, and the institution had to take out a sizable loan to fund the project.
  - a. What information or data do you believe informed the decision to borrow the money?
  - b. From the perspective of your operating role at the time, what impact did this decision have on the institution?



**Institutional priorities and purpose**

6. There are numerous instances where the president talks about [Weldon College] serving a dual role as a place for community engagement in the arts and an educational institution. What do you remember about that?
  - a. What is your understanding of the intended purpose of making [Weldon College] serve this dual role or purpose?
  - b. How were resources prioritized in order to serve this dual focus and how did you perceive the impact?

**Enrollment declines**

7. Between 2014 and 2016, the enrollment dropped from 699 to 506 and the retention rate went from 69% to 49%.
  - a. From your perspective, what were the factors or decisions that contributed to this enrollment decline?
8. What actions did you observe that were taken by the board or the president to address and reverse the enrollment decline?

**Anticipation of and response to environmental risks**

9. The 2014 strategic plan opens with some data points from a report that makes the case for [Weldon College] to diversify revenue sources and become less tuition dependent?
  - b. What is your understanding of the steps the board and the president took to achieve this strategic priority?
10. This same section of the strategic plan talks about the risk of declining enrollment associated with the decline in high school graduates, competition from public institutions, and increasing debt aversion from students.
  - c. How did you perceive this information was used when making decisions about the strategic direction of the institution?
  - d. At what point, if any, did you become concerned about the viability of the institution?

**Conclusion**

11. Is there anything else you think is important to know about how decisions were made, drivers of the decline, or responses to the decline?

- e. From your perspective, was there information or data that should have been considered that was overlooked, or considered and ruled out?
12. Now that we finished, is there anything else you would like to tell me about that we haven't covered?

**Concluding remarks:**

Thank you for participating in this interview. If I have any further questions, is it ok if I follow back up with you? Having heard more about this research, is there anyone else you believe I should interview for this study? Would you be willing to forward my information to them?

As a reminder, your responses to these questions will be de-identified and your comments will not be attributed to you personally. If you later decide you want to withdraw your participation from this study, you should contact me. I will send you the transcript of this interview so that you can review it for accuracy and make any necessary edits so that the data accurately reflects what you intended to communicate about your experiences. This process is used to establish credibility and trustworthiness of the study. I may also share with you my theories and findings as they emerge throughout the research process so that you have an opportunity to participate in the interpretation of the data and the development of the findings.

## Appendix D: Phase 3 and Phase 6 of Thematic Analysis

### Codes\\Phase 3: Generating Initial Themes

| Name                                      | Description  | Files | References |
|---|--|-------|------------|
| Theme 1 - Critical Events                 | Events that had a profound effect on stability of the institution.   | 0     | 0          |
| Enrollment Collapse                       | “A dramatic, unanticipated decline in an institution's enrollments. An example is a rapid shift in the demand away from the programs that the institution offers. Most institutions do not survive the collapse of their niche” (Cameron et al.)   | 10    | 29         |
| Degree programs and curriculum            | Resistance to expand degree program offerings, “stagnant” curriculum, “hesitant to address core” academic issues   | 11    | 37         |
| Enrollment discussions                    | Discussions about enrollment at Cabinet or Board meetings  | 25    | 31         |
| Enrollment explanation                    | Stated reasons for or hypotheses about the enrollment decline  | 6     | 11         |
| Faculty                                   | Relationship between faculty and enrollment  | 7     | 19         |
| High tuition cost                         | High cost of tuition (and housing) as an explanation for enrollment declines   | 8     | 14         |
| Lack of career outcomes                   |  | 5     | 13         |
| Retention and student issues              | Factors possibly leading to student retention issues; Concerns raised by students, staff, board members, and members of the Student Experience Committee   | 20    | 39         |
| Campus Extension Decisions                | Decisions involving campus extension, including decisions to proceed with the project, fundraising efforts, borrowing to finance the project   | 10    | 29         |
| Fundraising                               | Money raised through philanthropic endeavors for various purposes, but particularly for the campus extension   | 10    | 26         |
| Union negotiations                        | Union negotiations, the administration’s response to the effort, and impact this had on students & faculty   | 14    | 26         |
| Theme 2 – Decision-Making                 | Decision-making processes and priorities, involvement of consultants and SMEs, and group decision-making dynamics  | 0     | 0          |
| Alternative revenue                       | non-tuition revenue sources or tuition revenue generated from new programs   | 11    | 15         |
| Board dynamics                            | How members of the board engaged with each other through dialogue, discussion, debate, and disagreement; the relational qualities of this governing body and how these influenced the decision-making process.   | 4     | 14         |
| Data and decision-making                  | How data was used to inform or determine decisions.  | 9     | 29         |
| Decisions - pre-determined or centralized | “Pre-determined” refers to decisions that were made to support the will of the president, meaning decisions may have appeared to be open to discussion were already made; dissent was discouraged and those that disagreed were characterized as difficult or negative by the president. | 5     | 10         |
| Disregard SMEs and consultant input       | Decision-makers disregarded the advice and recommendations from consultants and (subject matter expert) administrators even when that input had been   | 5     | 23         |

| Name                                    | Description  | Files | References |
|---|--|-------|------------|
| Group Think                             | sought out<br>Borrowing concepts from Janis' (1977) theory on groupthink; Includes both symptoms of groupthink and symptoms of defective decision-making. Also includes concepts from Kahneman et al. (2011) related to decision-making, loss aversion, pursuit of credible alternatives   | 0     | 0          |
| Dissent discouraged                     | Dissent is not accepted and dissenters are ostracized.   | 2     | 11         |
| Illusion of invulnerability             | Extreme optimism persuades decision-makers to take extreme risks (Janis); optimism bias (Kahneman)   | 5     | 17         |
| Incomplete survey of alternatives       | an absence of solution alternatives leads to incomplete information (Janis, 1977); credible alternatives are necessary in good decision processes (Kahneman et al., 2011)  | 2     | 5          |
| Loss aversion                           | The desire to avoid losses is greater than the desire for gains - no one wants the project to fail (Kahneman, 1991); "The net effect of these processes is such that groups whose members frame the choice as one between losses will evidence a normatively inappropriate preference for risk even more frequently and to a greater degree than would their average member. (Whyte, 1989)."   | 3     | 5          |
| Self-censorship                         | Decision-makers withhold their dissenting opinions/perspectives and counter arguments (Janis, 1977)  | 3     | 6          |
| Institutional priorities and purpose    | School vs. and an "Institute"  | 5     | 10         |
| Poor decisions                          | Participant commentary on poor decisions or decision-making processes  | 2     | 4          |
| Theme 3 - Dirty Dozen                   | Cameron and Smart's (1998) 12 behavioral responses to organizational decline, which can weaken institutional effectiveness.  | 0     | 0          |
| Erosion of trust                        | Loss of trust between members and member groups  | 4     | 9          |
| Loss of innovation                      | Doing more of the same; no experimentation   | 4     | 12         |
| No slack                                | Uncommitted resources are used to cover operating expenses; resources not available for experimentation or innovation  | 4     | 9          |
| Short-term crisis mentality             | Leaders understood the institution to be in crisis, limiting its ability to innovate and perpetuating threat rigidity  | 4     | 9          |
| Status quo - threat rigidity            | Resistance to change; protectionist stance so new alternatives were rejected   | 5     | 31         |
| Theme 4 - Stages of Decline and Actions | "Decline begins when an organization fails to anticipate or recognize and effectively respond to any deterioration of organizational performance that threatens long-term survival. It can be observed when the organization fails to confront and successfully thwart negative forces by failing to develop adequate protective measures or by failing to move to a more hospitable domain. Decline can also begin if the organization fails to respond to an opportunity to improve organizational performance." (Weitzel & Jonsson, 1989) | 0     | 0          |
| 1. Blinded                              | "Failure to anticipate or detect pressure toward   | 6     | 32         |

| Name   | Description   | Files | References |
|--|---|-------|------------|
| 2. Inaction                                  | entropy; decline begins”; problem blindness<br>“Failure to decide on corrective action; decline becomes noticeable.” “Tendency for leaders to increase commitment to the present course of action.” (Weitzel & Jonsson, 1989)   | 7     | 29         |
| 3. Faulty action                             | “Faulty decisions; faulty implementation of decisions.”   | 1     | 1          |
| 4. Crisis                                    | “Given faulty-action stage and unforgiving environment, last chance for reversal. Given forgiving environment, slow erosion.”   | 3     | 4          |
| 5. Dissolution                               | “Given crisis stage and unforgiving environment, rapid demise. Given forgiving environment, slow demise.”   | 0     | 0          |
| Theme 5 - Unstable or ineffective Leadership | Continual loss of talent and momentum due to turnover; Leaders lacking the necessary skills or experience to be effective   | 0     | 0          |
| Egotism                                      | Arrogance, bullying, sense of entitlement   | 6     | 11         |
| Leadership qualifications                    | Personal or professional attributes of administrators or board members  | 6     | 13         |
| Poor leadership                              | “...poor leadership appears to be a much more significant factor leading to low levels of institutional effectiveness than the amount of resources available.” (Cameron & Smart, 1998)  | 7     | 20         |
| Toxic Leadership                             | Results in harmful environmental conditions and damages the organization, hindering its ability to fulfill its mission and purpose; indifferent to the well-being of subordinates, possess personality traits that negatively impact organizational culture, and are believed to be driven by their own self-interest | 4     | 11         |
| Turnover causes loss of momentum             | Changes at the board, administrative and staff level meant loss of momentum or changes in strategy that hindered progress   | 10    | 46         |

## Codes\\Phase 6 - Writing the Report

| Name   | Description  | Files | References |
|--|--|-------|------------|
| Theme 1 - Leadership suitability in institutions of higher education | Leaders lacking the necessary skills or experience to be effective in a higher education context   | 0     | 0          |
| Leadership qualifications  | Personal or professional attributes of administrators or board members   | 9     | 18         |
| Poor leadership  | "...poor leadership appears to be a much more significant factor leading to low levels of institutional effectiveness than the amount of resources available." (Cameron & Smart, 1998)   | 7     | 21         |
| Egotism  | Arrogance, bullying, sense of entitlement  | 6     | 12         |
| Toxic Leadership   | Results in harmful environmental conditions and damages the organization, hindering its ability to fulfill its mission and purpose; indifferent to the well-being of subordinates, possesses personality traits that negatively impact organizational culture, and are believed to be driven by their own self-interest  | 4     | 13         |
| Acrimonious union negotiations                                       | Adjunct union negotiations, the administration's response to the effort, and impact this had on students & faculty   | 15    | 28         |
| Pre-determined decisions   | "Pre-determined" refers to decisions that were made to support the will of the president, meaning decisions may have appeared to be open to discussion were already made; dissent was discouraged and those that disagreed were characterized as difficult or negative by the president.   | 5     | 11         |
| Board leadership   | How members of the board engaged with each other through dialogue, discussion, debate, and disagreement; the relational qualities of this governing body and how these influenced the decision-making process.   | 5     | 16         |
| Group Think  | Borrowing concepts from Janis' (1977) theory on groupthink; Includes both symptoms of groupthink and symptoms of defective decision-making. Also includes concepts from Kahneman et al. (2011) related to decision-making, loss aversion, pursuit of credible alternatives   | 1     | 1          |
| Dissent discouraged  | Dissent is not accepted and dissenters are ostracized.   | 2     | 13         |
| Illusion of invulnerability  | Extreme optimism persuades decision-makers to take extreme risks (Janis); optimism bias (Kahneman)   | 6     | 18         |
| Incomplete survey of alternatives                                    | An absence of solution alternatives leads to incomplete information (Janis, 1977); credible alternatives are necessary in good decision processes (Kahneman et al., 2011)  | 2     | 7          |
| Loss aversion  | The desire to avoid losses is greater than the desire for gains - no one wants the project to fail (Kahneman, 1991); "The net effect of these processes is such that groups whose members frame the choice as one between losses will evidence a normatively inappropriate preference for risk even more frequently and to a greater degree than would their average member. (Whyte, 1989)." | 4     | 6          |

| Name   | Description  | Files | References |
|--|--|-------|------------|
| Self-censorship  | Decision-makers withhold their dissenting opinions/perspectives and counter arguments (Janis, 1977)  | 4     | 7          |
| Theme 2 - Niche Shape and Enrollment Collapse          | Degree programs and curriculum; Resistance to expand degree program offerings, “stagnant” curriculum, “hesitant to address core” academic issues                               | 12    | 40         |
| Faculty  | Relationship between faculty and enrollment  | 8     | 22         |
| Status quo - threat rigidity                           | Resistance to change; protectionist stance so new alternatives were rejected   | 5     | 33         |
| Theme 3 - Problem Blindness                            | “Failure to anticipate or detect pressure toward entropy; decline begins”; problem blindness   | 6     | 32         |
| Enrollment discussions and explanations                | Discussions about enrollment at Cabinet or Board meetings  | 28    | 69         |
| Retention declines                                     | Factors possibly leading to student retention issues; Concerns raised by students, staff, board members, and members of the Student Experience Committee                       | 21    | 41         |
| Theme 4 - Revolving Leadership                         | Continual loss of talent and momentum due to turnover  | 0     | 0          |
| Turnover loss of talent and momentum                   | Changes at the board, administrative and staff level meant loss of momentum or changes in strategy that hindered progress  | 10    | 46         |
| Theme 5 - Failure to secure alternative revenue        | Institution is unable to decrease tuition dependence   | 0     | 0          |
| Lack of alternative revenue - highly tuition-dependent | Non-tuition revenue sources or tuition revenue generated from new programs   | 12    | 18         |
| Inaction   | “Failure to decide on corrective action; decline becomes noticeable.” “Tendency for leaders to increase commitment to the present course of action.” (Weitzel & Jonsson, 1989) | 8     | 32         |
| Unsuccessful fundraising                               | Money raised through philanthropic endeavors for various purposes, but particularly for the campus extension   | 10    | 28         |
| Campus Extension Decisions                             | Decisions involving the campus extension, including decisions to proceed with the project, fundraising efforts, borrowing to finance the project                               | 11    | 31         |
| Disregard SMEs and consultant input                    | Decision-makers disregarded the advice and recommendations from consultants and (subject matter expert) administrators even when that input had been sought out                | 5     | 24         |

## Curriculum Vitae

**ELIZABETH B. MIHOPOULOS**

### **EDUCATION**

#### **Johns Hopkins University**

*EdD in Entrepreneurial Leadership in Education, 2022*

#### **San Francisco State University**

*Master of Arts in English, concentration in TESOL, 1997*

#### **San Diego State University**

*Bachelor of Arts in English, emphasis in American Literature, 1993*

### **PROFESSIONAL EXPERIENCE**

#### **Vice President of Enrollment Management**

██ | July 2020 – June 2022

- Effectively led Admissions, Marketing, International Student Office, and Financial Aid teams
- Increased undergraduate and graduate applications by 59%
- Key advisor to the President and serve as a member of President's Cabinet
- Implemented financial aid strategy, meeting enrollment and NTR goals
- Directed the enrollment marketing and communication strategy

#### **Vice President of Enrollment and Marketing**

██ | March 2018 – June 2020

- Provided clear and effective leadership to Admissions, Financial Aid, Registrar's Office, Marketing, Student Affairs, and Public Education teams
- Acted as a key advisor to the President on all enrollment management matters
- Served on the Board of Trustee's Finance Committee and Executive Committee
- Leveraged the financial aid strategy to meet new and continuing student enrollment targets
- Developed the recruitment and institutional marketing and communication strategy

#### **Vice President of Enrollment Management**

██ | July 2015 - March 2018

- Achieved 24% increase in enrollment in first two years through increased new student enrollment and the implementation of a comprehensive retention plan
- Developed and implemented Strategic Enrollment Management Plan, aligning objectives, goals and tactics with Institutional Strategic Plan
- Served as an advisor to the President on all enrollment management matters and served as a member of President's Cabinet
- Served on the Board of Trustee's Finance Committee and Executive Committee



## Vice President of Enrollment and Student Affairs

## Director of Admissions

March 2010 – July 2015

- Created and implemented enrollment strategy leading to a 25% increase in enrollment over five years
- Developed and executed outreach plan focused on key feeder high schools and community colleges
- Implemented retention strategies leading to a 10% increase in first year freshmen retention
- Lead undergraduate and graduate marketing and communications strategy
- Provided clear and effective leadership to Admissions, Financial Aid, Student Affairs and Registrar's Office
- Acted as an advisor to the President on all enrollment management matters and served as a member of President's Cabinet

## Director of Admissions

May 2009 - March 2010

- Achieved a 27% - 31% increase in new student enrollment each quarter
- Successfully led a team of 9 admissions and outreach representatives
- Evaluated, revised and implemented improved institutional policies and procedures

**Associate Director of Admission**

November 2004 - May 2009

- Increased enrollment by 7% - 28% each semester
- Managed a team of seven admissions staff

**Admissions Counselor / Progress Evaluator**

[REDACTED] / August 2002 - October 2004

- Served as undergraduate freshman recruiter
- Articulation Officer

## Academic Director

/ September 2001 - August 2002

- Responsible for hiring, supervising and training ELL teachers

## Literature and English Language Instructor

[REDACTED] / September 1998 - June 2001

- Designed and taught course in Contemporary American Literature
- Developed and taught materials for reading, grammar, writing speaking and listening for the Intensive English Program

## English Language Instructor

/ January 1997 - August 1998

- Taught ESL courses in Reading, Writing, Grammar, Listening and Speaking