

Discovering the Strategic Functions of a Communication and Marketing Department

Case Study in Higher Education Institution

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In Oulu, Finland, on the 1st of December 2014.

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1 INTRODUCTION

The motivation for the study, case company background, research objectives, research questions and the structure of the thesis are discussed in this chapter.

1.1 Motivation and Background

A strategy can be defined as a cohesive answer to the following set of questions: where is the organization, where is it going and how is it going to get there (Mintzberg & Lampel & Quinn & Ghoshal 2003, 10; Rumelt 2012, 6; Kostamo 2001, 26). Strategy development and its implementation and execution have had great importance in both academia and business management literature. Kaplan and Norton (2002, 2-3) point out that in modern business the ability to create value typically comes from the ability to execute strategies that deal with immaterial assets. Organizations today operate in knowledge-intensive surroundings and the management has to be able to respond to fast changes in the operational environment. To execute a strategy in this kind of situations, every business unit, supportive function and staff member has to act according to the strategy and be part of it. (Kaplan and Norton 2002, 2-3.)

Implementing a strategy successfully is not easy. Corboy and O'Corrbui's (1999) research (cited by Sterling 2003, 37) reveals that nearly 70 percent of strategies are never successfully implemented. Raps (2004, 49) suggests that the success rate of implementing a strategic plan is between 10 and 30 percent.

Higher education institutions have also increasingly taken up the task of strategy development (Malkki 2002; Toikka 2002; Birnbaum 2001). The economic downfall of the latest years in Finland has led to decreased funding for higher education institutions and the universities and universities of applied sciences have to make do with lesser resources. Strategic management has a role also in the management of higher education institutions, as strategies are formulated for increased efficiency in operations (Vuorinen 2013, 27), or to determine what not to do (Porter 2010, 20). Huuhka (2010) suggests that managing a creative organization of experts, such as a higher education institution, is a complex matter. Organizations of this kind often frown upon tight control systems.

Leaders in such organizations are expected to establish a vision and motivate the staff working towards it – not by pushing, but pulling (Huuhka 2010).

Strategic planning in higher education has not come without critique. Birnbaum (2001) states that there is little evidence of strategic planning really benefiting the higher education institutions. Further, the management techniques and ideas developed in business have been adopted also by higher education since the beginning of the 20th century. The favoured idea has been that higher education institutions have to be managed similarly to businesses. Higher education institutions have faced the pressure of having to seek efficiency and effectiveness in their operations with the tools of the business world, without necessarily acknowledging the differences in the operational environment. (Birnbaum 2001, 3-31, 75.)

This thesis does not seek the answer to the question of how higher education institutions ought to be managed in general and what ought to be the philosophy, techniques and methods in doing that. Instead, this thesis investigates how a case organization is executing its strategy and what instruments it is using in its management. This thesis research makes suggestions for how the case organization could increase efficiency and effectiveness by management. In other words, one can argue that this thesis relies upon a paradigm that higher education institutions can benefit from being managed with the same principles as business organizations are managed.

The case organization of this study is Oulu University of Applied Sciences (hereinafter OUAS), which is one of the biggest universities of applied sciences in Finland with some 8 000 students and 750 staff members. Its turnover is 60 million euros and it gives out 1 300 degrees per year. OUAS is ranked the fourth most attractive university of applied sciences in the spring 2014 student recruitment (OUAS 2014a).

OUAS has updated its strategy for the years 2014 – 2020 to tackle the challenges it has in the operating environment. The Oulu region is fast growing and has exceptionally young demographics that coupled with structural change in the economic life has led to high youth unemployment. The economic structure of the Oulu region is undergoing a major change and new companies must be established. OUAS aims to support the

growth and internationalization of these companies by providing educated professionals. (OUAS 2014b.)

OUAS is facing the most financially challenging time of its history. During the years 2014 – 15 it has to cut down its expenditures by 3 million euro. It has had to lay off people, as the personnel are its biggest expense (OUAS 2014c). During these challenging times, it is necessary that all of the potential of the organization be put to use. Further, it is stated in the OUAS's strategy that it must ensure efficient management and improve the effectiveness of its administrative structure.

The case organization has two core processes as follows: teaching and learning and research, development and innovation. Support processes include communication, information management and IT services and library and information services (OUAS 2012a). Finnish Higher Education Evaluation Council (hereinafter FINHEEC) audited the quality assurance system of OUAS in the autumn of 2011. In the audit report FINHEEC stated that there were no objectives deriving from the organization's strategy assigned specifically for the support processes. In addition, it was stated in the report that the support processes did not appear as an entity that was managed, evaluated and developed. (Nykänen, Aaltonen, Männistö, Puusaari, Sneck, Talvinen & Saarilammi 2012, 41.)

The director of communications is in responsible for the support process of communication. The Communication Services (hereinafter CS) is the department that carries the main responsibility for communication and marketing activities in the organization to support the organization's main processes. However, the CS has no clearly established objectives or service-level agreement and during the past 15 years, the CS has grown from three people first hired to update the organization's website to an in-house advertising and communication agency of 16 people at maximum. After the layoffs of 2014, the CS has 10 staff members. Because of the layoffs and the strategic aim of efficiency of management and effectiveness of administration, the modus operandi of the CS has to be reconsidered.

The author's personal motivation for the study stems from having a management role in the CS. After working for six years in OUAS, the author of this thesis has gained extensive knowledge of the communication and marketing activities in the organization. As the FINHEEC's audit report (Nykänen et al. 2012, 41) revealed, the current situation of managing the aforementioned activities is not satisfactory and are in need of an improvement. Besides the aspiration to enhance the management of the CS, the author's will to study the execution and the implementation of the organizational strategy derives from the author's integration of previous subject-specific studies i.e. communication and marketing with the MBA programme's strategic management studies.

1.2 Research Objective and Research Questions

This thesis research examines the strategy of OUAS in detail. This is done to gain an insight into how the strategy is devised, implemented and executed. Furthermore, the strategy is analysed in order to find out, whether it leads to a desirable and measurable action in the organization. This thesis research further examines the definition and the essence of strategy in the literature review. The purpose of the examination of the strategy is to define a framework in which to compare the OUAS's strategy.

A supporting function has to produce something for the organization that cannot be outsourced (Kaplan & Norton 2007, 141-142). To be effective and efficient, marketing and communication processes have to be based on the organization's overall strategy and they need to have the management's support and trust. This thesis investigates whether this is the case in OUAS. In other words, this research investigates if the functions of communication and marketing are in accordance with the organizations strategic objectives and if it is managed in a way that creates the maximum amount of value to the organization.

The objective of this research is to analyse OUAS's strategy to determine the strategic roles and effectiveness of the Communication Services unit. Hence the following research questions are formulated and addressed:

1. What is OUAS's organizational strategy and how is it executed?

This question investigates what the actual strategy of the organization is and explains how it is executed. Moreover, the answer clarifies whether the strategy is devised in a way that it can be translated into measurable actions.

2. What instruments are used for monitoring strategy execution in the organization?

The second research question continues to build the idea of the organization's strategy work and explicates on a practical level what instruments the organization is using to monitor the strategy execution.

3. What are the defined functions of Communication Services unit? Are these functions in accordance with the strategic objectives of the organization?

These questions are aimed to find out about the current functions of the CS and investigate which ones are strategically important for the organization and which ones are not.

1.3 Structure of Thesis

Chapter two concentrates on the research methodology. It clarifies the tools and techniques used to collect and analyze the data for this thesis. The third chapter is the literature review. It concentrates on the theory of strategic management of organizations and the marketing and communication functions in them. It aims to explicate what the elements that form a strategy are and what the prerequisites to successful implementation and execution of it are. The theory is used to mirror the empirical findings throughout the study. The fourth chapter introduces the strategy of OUAS in more detail. The fifth chapter analyses the strategy using empirical information from the interviews and, in addition, results from a research about the operations of OUAS. The sixth chapter concentrates on investigating the current role and functions of the CS and

on the analysis of their strategic significance. Finally, in the last chapter the conclusions of this study are drawn.

2 RESEARCH METHODOLOGY

In this chapter, research methodology is discussed. Further, the data collection and analysis methods are explicated.

2.1 Research Methodology

The research method of the study is the case study method. In business studies, the case study method is appropriate “when the phenomenon under investigation is difficult to study outside its natural setting.” Further, the case study method is applicable, instead of experiments or survey, when there are many variables to be considered (Bonoma & Yin cited in Ghauri & Grønhaug 2005, 114).

According to Yin (2003, 7-8), when the research is designed to answer the questions of “how” and “why” the case study is appropriate. A case study relies on multiple sources of evidence. Methods for data collection can be e.g. interviews, direct and participant observation and, in addition, the data collection can involve sources such as financial reports, market and competition reports and archives. In many ways the case study is similar to a history, but it can be used to examine contemporary events. Case study method is quite often used to study aspect or behaviour of an organization or a smaller unit of it, such as marketing department. (Ghauri & Grønhaug 2005, 114-115.)

2.2 Data Collection and Analysis

For this study, to ensure the validity of the research, multiple sources of evidence have been used. The most commonly used sources of evidence in case studies are documentation, archival records, interviews, direct observation, participant-observation, and physical artefacts (Yin 2003, 85, 97). This study used the interviews, documentation, archival records and participant-observation as sources of evidence.

As the author of this thesis works in the organization being studied, participant-observation was possible. This method of data collection was used e.g. in discussion with the directors of schools of the role of the CS. OUAS has used an intranet for

several years and it was used as a source of documentation and archival records also in this thesis. The documentary and archival records included e.g. minutes from meetings, written reports, administrative reports and especially studies about the case company and its stakeholders that have been done during the past years.

Yin (2003, 89-92) states that interview is one of the most important sources of case study information. The nature of the interviews is often open-ended. This study has also utilized interviews. They were semi-structured and open-ended. Description of the interviews can be found in the table 1.

Table 1. Description of the interviews.

Interviewee	Date and duration of the interview
Rector, CEO	10 October 2014, 31 min
Director of communication	6 October 2014, 41 min
Director of School	7 October 2014, 34 min
Planning officer	2 October 2014, 40 min

The interviewees were chosen as they can be considered to be key informants in matters concerning the strategy of OUAS and the marketing and communication activities. They have a position in the organization where they most likely have a deep insight into the matters being researched. As the native language of both the interviewer and the interviewees is Finnish, to ensure mutual understanding and a maximum contribution, the interviews were conducted in Finnish. Notes were taken during the interviews and they were all recorded. The author later transcribed the interviews in Finnish and the parts used in this research report are translated in English by the author.

Yin (2003, 111-112) states that “relying on theoretical propositions is the most preferred strategy” of analysing case studies. This study relies on the recognized theories of strategic management of authors like Kaplan and Norton, Porter, Mintzberg and others. These theories are further examined in the literature review. The theory building in the literature review was done before the interviews and, thus, guided the data collection. The data derived from the different sources were aggregated, categorized and coded to identify patterns that match the theoretical proposition.

3 ANATOMY OF STRATEGY AND ITS EXECUTION

In this chapter the concept of strategy is initially examined and defined. It aims to answer the question of “what is strategy”. Further, this chapter investigates the meaning of the concepts of strategy implementation, execution and alignment. In addition, in this chapter, it is explicated how the strategy process can be monitored and evaluated. Finally, this chapter concentrates on a strategic role of marketing and communication. It examines how marketing and communication connect to main strategy of an organization. This is done to gain an insight into how a department tasked with communication and marketing activities, such as the Communication services of OUAS, ought to be connected to the organization’s strategy.

3.1 Essence of Strategy

Strategy has, for a long time, been of interest to many scholars in many different fields of study. It has been studied and approached by military scholars and game theorists and it has been a popular subject also in business literature (Mintzberg & Lampel & Quinn & Ghoshal 2003, 11). Strategic planning was developed in the 1960’s to respond to two needs, i.e. planning the future that differs from today’s business environment, and systemising the planning process (Kankkunen & Matikainen & Lehtinen 2005, 73).

Mintzberg et al. (2003, 3-9) present five definitions of strategy as follows: “plan, ploy, pattern, position, and perspective”. Plan as a strategy means a consciously developed plan to tackle an obstacle whether physical or imagined. Ploy refers to a specific maneuver to beat a competitor or an opponent. Strategy as a pattern relates to the resulting behaviour of a strategy. It means that the strategy is consistent in behaviour. Patterns may also occur unintentionally. Strategy as a position is the fourth definition. It is the niche where the organization is trying to use its resources to the fullest and avoid and withstand competition. Finally, the fifth definition is perspective, where the organization is looking inside in order to locate itself in the external environment. In this sense, strategy is the “personality” or a culture of the organization. It is a concept

existing only among those who are involved with it or interested in it. (Mintzberg 2003, 3-9.)

Porter (2010, 1-2) approaches the meaning of strategy by stating that it is not enough that enterprises only attain operational effectiveness to reach competitive advantage. Operational effectiveness means that the company can perform similar activities better than the competition. Differences in the operational effectiveness are an important source of differences in profitability. However, others can easily mimic them. (Porter 2010, 1-2.)

Continuous improvement in operational effectiveness leads to imitation and homogeneity. Competitive strategy, however, is about being different. To perform activities differently and to perform different activities constitute the essence of strategy. To differentiate oneself from competitor by tailoring a set of activities is strategic positioning. There are three distinct sources for strategic positioning. First, variety-based positioning is based on the choice of product or service varieties. Second, needs-based positioning is close to targeting a specific set of customers. However, it is important to note that the strategic positioning in this case means that the activities to satisfy the different needs of the customers have to also differ. Third, access-based positioning is segmenting the customers who are accessible in different ways e.g. geography or scale. (Porter 2010, 7-14.)

A strategy means that there has to be trade-offs in competing. Trade-offs means the balance between the company's resource allocations. More of one means less of another. Strategy is making the trade-offs and in the end, what not to do, is the essence of strategy. (Porter 2010, 17-20.)

Porter (2010, 21-28) continues to emphasize the meaning of fit in functional strategy. Fit means that the activities of a company are aligned and combined. "If there is no fit among the activities" of a company, "there is no distinctive strategy and little sustainability." Fit exists in three forms. Firstly, there is "simple consistency" among the activities and the strategy. Secondly, the "activities are reinforcing." Thirdly, the efforts are optimized, so that there is little wasted effort and redundancy. Strategy in

terms of activity systems emphasizes the need of strategy-specific organizational structure, systems and processes. (Porter 2010, 21-28.)

Rumelt (2012, 77-79, 85) states that a good strategy does not only answer the question what is tried to be done, it also answers the questions why and how these actions and operations are done. Good strategy is coherent action, which is based on an argument. It is a mixture of thought and action. A kernel of a strategy should consist out of three elements: “A diagnosis”, “a guiding policy” and “a set of coherent actions”. This is the core content of a strategy. It leaves out visions, goals and objectives, which are all “supporting players”. (Rumelt 2012, 77-79.)

The diagnosis defines or explains the nature of the challenge. A diagnosis should simplify the complexity of reality and replace it with a simpler story that allows one to make sense of the situation. The guiding policy is a description of an overall approach to beat the problems underlined by the diagnosis. A guiding policy is not a vision, rather it is a definition of a method of managing the situation and ruling out the other alternative methods or possible actions. Strategy is about doing something and it must contain action. The set of coherent actions means that there should be coordinated actions that build upon one another. The coordination of actions is the most basic source of advantage in strategy. A strategy coordinates action to address specific challenges and is visible as coordinated action imposed on a system. The coordination would not happen without a strategy. A good strategy and good organization demands specialization on the right activities with essential amount of coordination. (Rumelt 2012, 77-94.)

The strategy of OUAS is analysed in this research. Therefore, it is important for this study to establish a detailed definition of strategy. The contents of the OUAS’s strategy are compared with the concepts presented here.

3.2 Strategy Implementation and Execution

Kaplan and Norton (2002, 1) refer to a research done in 1998 and state that the ability to execute strategy is more important than the contents of the strategy. Sterling (2003, 27-32) lists reasons for failing to translate the strategy into effective implementation. Those

are “unanticipated market changes”; “effective competitor responses to strategy”; “application of insufficient resources”; “failures of buy-in, understanding and/or communication”; failing on “timing and distinctiveness”; “lack of focus” and “poorly conceived” strategies. He cites Corboy and O’Corrbui’s (1999) research and states that nearly 70 per cent of strategic plans and strategies are never properly executed. Khadem (2008, 30) maintains that often creative and determined people do not buy into what they have not invented themselves. Moreover, even if employees buy into vision, but not the strategy, may cause costly activities that have little impact on vision, but no impact on strategy (Khadem 2008, 30).

Strategy execution means employees making decisions every day according to the information they have. In their research, Neilson, Martin and Powers (2010, 144) found four key elements how strategy execution can be made more efficient: “clarifying decision rights, designing information flows, aligning motivators, and making changes to structure.”

The two most important of the four key elements are clarifying decision rights and ensuring that information flows in the way that it supports cross-unit collaboration. The organization has to ensure that everyone knows what the decisions and actions are that they are responsible of. Higher-level management ought to be encouraged to delegate operational decision. The information flows ought to be constructed in the way that the higher-level management could identify patterns and promote the best practices throughout the organization. The cross-unit information flows encourage collaboration and help line employees understand the effect of their actions for organization’s overall results. (Neilson, Martin & Powers 2010, 144-147.)

Gadiesh and Gilbert (2010, 191-195) state that as there are benefits in delegating the decision rights to operational level. However, there are also risks in it that the organization has a potential to slip from the coherent strategy execution. The answer, they suggest, is a “strategic principle”, a concentration of the organization’s strategy into one easily understandable phrase. “A strategic principle is action oriented: it enables people to do something now.” In other words, a strategic principle gives

employees guidance how to act according to strategy, when having to act quickly. (Gadiesh & Gilbert 2010, 191-195.)

Kaplan and Norton (2000, 51-52) suggest designing a strategy map, a tool, which gives the organization's employees guidance of how to act to promote the overall strategic objectives of the organization. The strategic map illustrates the organization's critical objectives and their relationships and how they drive the organizational performance. In broader spectrum, the strategy map shows how the organization will convert its tangible and intangible assets into tangible outcomes. (Kaplan & Norton 2000, 51-52.)

Raps (2004, 49-53) lists 4 prerequisites for successful strategy implementation: "culture, organization, people and control systems and instruments". The organization's culture is its system of shared beliefs and values. The need of change has to be inserted into this system and it is the top management's job; they need to set the strategic direction to lower-level managers. Structure of the organization is determines the responsibilities of obtaining the enterprise's objectives and goals. The assignment of responsibilities is to be clear in all levels of the organization, which help to avoid power struggles within the organization. It is essential to involve the employees in the strategic planning in general; the strategic change requires the confidence, cooperation and competencies of the staff. The communication of strategy has to be two-way and take place during and after an organizational change. It should cover the reasons why the employees are required to do tasks related to implementation of strategy. Finally, control system has to be in place to develop and provide information that the strategic initiatives are being implemented. A strategic planning system reaches its full potential when it is integrated with other control systems e.g. budgets, information and reward systems. Basically, a good control system is in place to monitor how individual managers are reaching their objectives in the strategy implementation. (Raps 2004, 49-53.)

Closely related to the organization's culture are the values. Juholin (2009a, 108-109) states that values need constant enforcement. Supervisors and managers need to be prepared to tell their subordinates how the values are present in the organization's operations. The development of values is a process that demands discipline and time. It

also needs the involvement of the top management. The value discussion has to have enough publicity inside the organization and it needs to lead into concrete outcome, where every member of the organization is informed what is demanded from him or her. (Juholin 2009a, 108-109.)

Besides the contents of the organizational strategy, this study is about implementation and execution of strategy. The concepts presented here are the ones that lead to successful implementation and execution of strategy and are important to be explained in order to help in the analysis of the OUAS's situation.

3.3 Alignment of Strategy

Khadem (2008, 29) states that the most effective way to make a business strategy work is ensuring the alignment and follow-up. An organization needs to establish a frame of reference that ensures all the employees work according to it. This frame of reference is the organizational vision, values and the strategy. The organization needs to ensure that its efforts are aligned and integrated. Integration means that not only are the employees working towards the same goal, they are also cooperating. (Khadem 2008, 29.)

Failing to allocate the right resources at the right time and place can lead to severe loss of performance. Strategies tend to be poorly communicated; the translation of the strategy in to action turns out to be next to impossible and, thus, a situation is created where the lower levels of the organization do not know what they are expected to deliver by the senior management. (Mankins & Steele 2010, 217.)

It is important for the organization to communicate the strategy to its employees and connect their personal goals in the overall strategy. In this way they understand how their work contributes to the organizational goals. Organizations that want to implement their strategy throughout and want every employee to contribute to it need to share their vision and strategy with their employees. (Kaplan & Norton 1996, 199-200.)

Supporting functions must align their strategy with the strategy of the whole organization by defining the services that are strategically important. Process begins by understanding the main strategy of the organization and defining how the supporting function is able to help the business unit and the whole concern to reach its strategic objectives. Deriving from this understanding and definition, supporting functions align their organization in such manner, that they can implement the strategy. Finally, they evaluate their actions with the aid of service level agreements, feedback and assessment from their internal clients and internal audits. (Kaplan & Norton 2007, 143.)

3.4 Strategy in Higher Education Institutions

Kotler and Murphy suggested in 1981 that colleges and universities should not remain inactive and let the environment to shape their operations. Instead, they should follow the strategic process to adapt in advance (cited in Birnbaum 2001, 67). Keller predicted in 1983 that 30 percent of Americas 3100 colleges and universities would be closed by 1995. The solution to this problem would be, according to Keller, a strategy (cited in Birnbaum 2001, 68). These ideas reached their target; a survey done in 1985 reported that 88 percent of post-secondary institutions were using strategic planning (Cope 1987, cited in Birnbaum 2001, 67).

In his doctoral dissertation, Malkki (2002, 98-99) studied strategy work in Finnish universities. He concludes that the common goals and objectives in universities are fragmented. Higher education in Finland went through a change in the 1990s. One reason for this change was the foundation of the universities of applied sciences. Another reasons for the change were targeted educational programmes, implementation of the governmental economic policy, starting of the graduate schools and strong emphasis on project-oriented work. (Malkki 2002, 98-99.)

Malkki (2002, 100) refers to the Mintzberg's five definitions of strategy that are "plan, ploy, pattern, position, and perspective", and points out that position and perspective are close to the strategies of universities and the proof of it can be found for instance in the universities' public image building and in the competition of getting new students.

Huuhka (2010, 130) concurs and states that positive and differentiating brand could give the Finnish universities and universities of applied sciences an advantage in the competition for new students and funding.

Universities face problems in constructing a uniform organization-wide strategy. They need to integrate bottom-up strategies with the top management's vision, as well as the governmental policies guiding the higher education. In practise, universities' strategies are a sum of smaller scale strategies that can sometimes be contradictory to each other. Referring to Mintzberg's idea of the strategy formulation (illustrated in figure 1), the intended strategy is rarely similar to the realized one. Instead, the strategy is affected by power structures typical to these types of organizations. (Malkki 2002, 101.)

Toikka (2002, 188) studied the strategy of KYAMK University of Applied Sciences and maintained the same conclusion. Besides the actual strategy, a hidden strategy is also formed. This is due to the fact, that in practise the intended strategy fails to realize and is then subjected to outside pressure to be reformed. These strategies, intended and hidden, together form the actual strategy.

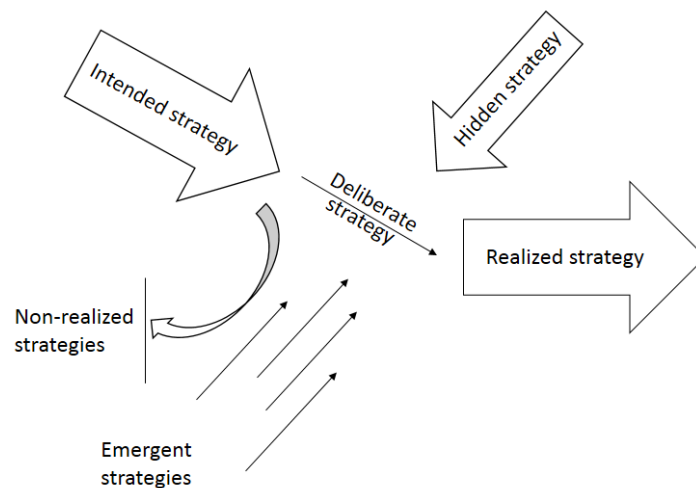


Figure 1. Strategy realization. Adapted from Toikka (2002, 188) and Mintzberg et al. (2003).

According to Toikka (2002, 188-189) the main reasons for the hidden strategy are internal tensions caused by different interests of the stakeholders, prejudices, fears, attitudes and mistrust. Furthermore, the main reasons include highly formal decision-making process and little interaction between the parties involved in strategy process. Clarifying the strategic management demands the exposure of the hidden strategy. It is necessary to allow open interaction, low hierarchy and lesser bureaucracy and clarify the reason of the organization's existence. (Toikka 2002, 195.)

The strategy process should include a formal system that involves in and obligates the operations management to be part of the strategy formulation. The board of directors is in responsible of setting the basic strategic policy, enforcing the accepted strategy and monitoring and evaluating the strategy execution. The allocation of financial resources is to be based on the strategy, as well as decision-making. (Toikka 2002, 199-200.)

Monitoring and evaluating the results and adjusting the activities according to them form the nucleus of strategic management. This involves both qualitative and quantitative meter, indicators and feedback. These are to be set to gauge the state, context and functionality of the main processes. Meter and indicators are used to steer the decision-making according to the strategic objectives. Development of the meters and indicators, is in fact, a strive to gain a balance between qualitative and quantitative objectives and strategic resources. (Toikka 2002, 201-202.)

Summarizing the discussion above, it is important for the successful execution of strategy to expose the hidden strategy, which is typical for organizations such as OUAS. The decision-making has to be based on strategy, as well as the financial planning. This means that the activities are to be monitored and evaluated both quantitatively and qualitatively and adjusted accordingly. OUAS has stated in its strategy that the effectiveness of its administration has to be enhanced, hence the monitoring and evaluating of its activities has to be of importance to it and, thus, are included in this study.

3.5 Measuring Results and Evaluating Strategy

Monitoring the performance of the organization is an essential part of the strategy execution (Mankins & Steele 2010, 225-226). Meters that monitor the translation of strategy into action differ from the ones measuring e.g. productivity or financial status of the organization. Traditionally, the operative and financial meters have been popular, but are increasingly accompanied by meters that describe the state of the organization more comprehensively than just with the financial meters. However, it is essential that the measuring system reflects the organizational strategy. The measuring system should be balanced; not emphasizing for instance the financial perspective in the expense of other aspect of the organization, as is often the case. Many organizations develop their own measurement systems. The development is a continuing process and the organization has to learn to take account the right figures that are essential to their strategy execution. (Kankkunen et al. 2005, 17-31.)

Kankkunen et al. (2005, 80-82) state that during the past 20 years the strategy processes of organizations have altered less than any other business process. The strategy processes are often stiff and cannot answer the pressures the ever-changing operation environment is posing. However, strategic thinking is currently undergoing strong alterations. This is imposed mainly by four trends. (Kankkunen et al. 2005, 80-82.)

First of the four trends is the emphasis of the human assets. The efficient use of the human capital, client relationships and organizational structures has developed to one of the most important success factors. The use of tacit knowledge and competencies has been made more available through programs designed to recognize core competencies and skills. True added value comes from the interaction between persons. This is a challenge to measuring system; instead of measuring the outcome, the system has to be able to measure interaction. As today's work grows increasingly abstract, the learning and doing aspect can no longer be separated. The efficient use of work force is no longer sufficient. Instead the personnel of an organization have to be motivated to work towards a common outcome. The organizational goals have to be communicated to them, as they get fulfilment out of attaining those goals. (Kankkunen et al. 2005, 82-83.)

The second trend is the growing uncertainty in the operational environment. Strategic decisions can be done not knowing for certain the implications of the decision. Rapid changes in operational environment complicate the strategic planning process. The levels of uncertainty have to be recognized as they set the standard for the measuring system. The level changes from 1 to 4, where on the first level the future can be predicted with reasonable accuracy and on the fourth level, there are several unpredictable factors and high level of uncertainty. In changing environment, in addition of measuring the organization from inside, the measuring system has to recognize also the outside forces that can affect the organization and development of those forces has to be monitored. (Kankkunen et al. 2005, 84-88.)

The third trend is the diminishing of the organizational boundaries. A borderline between an organization and its stakeholders change according to the vantage point. In some situations a stakeholder group is reasonable to consider being a part of the organization and in some situations the same group might not be considered as such. This occurrence is emphasized in network organizations, where the organization is in close cooperation with subcontractors and other co-operators. The measuring system has to take account the importance of stakeholders and to be able to measure outside forces and stakeholder relationships. (Kankkunen et al. 2005, 88-89.)

The fourth trend is that of gaining competitive advantage out of strategy execution and innovations. Sustainable competitive advantage is attainable only by executing chosen strategy more efficiently than the imitators, or by questioning and rejuvenating the strategy often enough. True value adding strategy process has to be a disruptive force that seeks to find new alternatives for the business. Vision is the most important driving force that indicates what the meaning and the role of the organization are in 3-20 years. Creating real strategies demands more from the organization than senior executives creating new phrases. An organization has to be enabled to strategic innovation and thinking. The measuring system must not restrict the organizational change. Instead, it has to be adjustable according to the changes in strategy, or the measuring system has to function in more general level and be compatible with variety of strategies. Traditional financial meters do not support the communication and the execution of the strategy. Instead, strategy can be seen as a group of indicators that tell about the performance of

an organization. If these indicators act as wanted, the strategy is executed as planned. Following these performance indicators, the organization can follow the realization of the strategy. (Kankkunen et al. 2005, 90-92.)

Measuring results does not suffice. Analysis and evaluation of the results are needed to properly benefit the organization. Constant development demands comprehension of strengths and weaknesses (Juholin 2010, 28). Competition is hard in today's business. The efficiency of business and decision-making gives the competitive edge and analytic organizations get the most out of business processes. (Davenport & Harris 2007, 28.)

Davenport and Harris (2007, 26) define analytics as an activity that uses vast amounts of data, statistical and quantitative analyses, descriptive and forecasting models and decision-making and management based on facts. Juholin (2010, 18) defines analysis as an activity that aims to gain a comprehension of a phenomenon, through using either qualitative or quantitative research or both of them together.

Evaluation, according to Juholin (2010, 29-30), is a broader concept than metering. With evaluation the organization explicates whether the goals of different activities are aligned with the overall organizational goals. It is an on-going and holistic process that is based on the objectives that the organization has set. There is no pre-set meter, but they are set according the organizational or situational needs. (Juholin 2010, 29-30.)

To summarize some of the discussion above, monitoring, measuring, evaluating and analysing performance is important part of strategy execution. To be pointed out, the analysis ought not to be based only in financial indicators. With the aid of this comprehensive process of controlling results, the communication and marketing activities can be managed in accordance with the strategy and, thus, the theory has relevance for this study.

3.6 Brand, Reputation and Image

Brand of an organization or product is formed within the stakeholder groups. It is the sum of values and attributes that are related to the product or organization, and is more than the functional or financial value of it. Brand management is a pivotal part of marketing communication (Juholin 2010, 20). Brand building demands functioning and continuous maintenance of stakeholder relationships, which emphasizes the meaning of communication (Huuhka 2010, 129). The value of the brand of an organization or a product can be calculated. The result is called brand equity, which can be included in the balance sheet, thus making it a concrete and measurable possession for organizations. (Tikkanen, Aspara & Parvinen 2007, 82-83.)

The organizational core values are the essence of the brand building process and the communication strategy ought to encompass them. However, the core values should not be repeated as a meaningless “mantra”; rather, they should exist as an underlying meaning of the external communication. (Urde 2003, 1033-1034.)

Reputation is the assessment of stakeholders and others involved about the subject in hand, an organization or a product, for instance. Reputation is the manifestation of the organizational values, culture and actions in the minds of its stakeholders. Reputation ought to be strategically managed that aims to steer the stakeholders’ view of the organization to a favorable direction. Every member of the organization can have an effect on its reputation. (Juholin 2010, 20; Huuhka 2010, 123.)

Image and reputation are based on different aspects since they are constructed differently and are affected by different methods. Image is visual and is often affected by visual communication. In contrary to reputation, image can be constructed and be artificial, as long as it does not contradict with the actions of an organization. (Huuhka 2010, 128.)

Aula and Heinonen (cited in Huuhka 2010, 127) suggest that in the concepts of reputation, image and brand, organizations aspire to bring forth the essence that the organization wants to represent. These are important to any organization. The value of

good reputation, image and brand can be measured financially. They can help an organization to differentiate and prosper through financially difficult times. The processes of controlling reputation and building image and brand are important to both marketing and communication. It is their common playing field. (Huuhka 2010, 123-130.)

Different aspects of communication and marketing in modern day corporations are multiple and interrelated. Juholin (2010, 19-27) lists e.g. public relations, organizational communication, human resources-related communication and marketing communication. Together they become integrated communication, where every part of the process aims at realizing the organizational vision. In many ways, the communication and marketing communication duties have spread out from the top management and marketing and communication departments to every employee. Also, the organization's management can no longer control the communication. More important is to be involved in dialogue with the organization's stakeholders. (Juholin 2010, 19-27.) The figure below illustrates the relationships between communications, marketing and HR management. The brand and organization's reputation are part of them all.



Figure 2. Relations of Human Resources (HR) management, communication and marketing. Adapted from Juholin (2010, 21)

The idea of interrelatedness of HR management, communication and marketing is important for this study. The strategic functions of the CS being investigated have to be seen as a part of other functions, such as HR management, too. Together, rather than the CS alone, they have a contribution to the organization's brand. In addition, this relates to the strategic alignment of these different functions.

3.7 Marketing

As it was stated above, the tasks of communication and marketing are interrelated. However, there are tasks and functions that are different and may be neglected, without proper recognition. This study utilizes the definition of marketing to point out that there are aspects in marketing that are separate from communication and vice versa, especially at the strategic level. As this study aims to discover the strategic functions of communication and marketing department, it is important to explore both of those disciplines.

There are several definitions for marketing. Drucker states that the aim of marketing is to make selling unnecessary (Kotler & Fox 1985, 7; Vierula 2014, 43). Doyle asserts that it is the management's philosophy with which organization ensures it is capable of developing and producing products onto markets more efficiently than its rivals (cited in Vierula 2014, 43). In 2004, The American Marketing Association (Gundlach, 2007, 243) defines marketing as follows:

“Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.”

Regarding this study, it is important to notice that marketing has its place also in educational institutions. In their book about strategic marketing for educational institutions, Kotler and Fox (1985, 7) define marketing as follows:

“Marketing is the analysis, planning, implementation, and control of carefully formulated programs designed to bring about voluntary exchanges of values with target markets to achieve institutional objectives. Marketing involves designing the institution’s offerings to meet the target markets’ needs and desires, and using effective pricing, communication, and distribution to inform, motivate, and service the markets.”

Marketing utilizes a set of tools, called marketing mix. Analysis, planning, implementation, and control are involved in the managerial process of marketing. Effective marketing consists of formulated programmes and is planned in advance. Marketers try to encourage target groups in voluntary exchanges of values, thus making the organization attractive to the target market. Selection of target markets is more important than offering all things to all people. Specific organizational objectives are needed to plan effective marketing. Effective marketing is client-oriented and marketing relies on designing the organization’s offering according to the needs of target market. (Kotler & Fox 1985, 7-8.)

According to Tikkanen, Aspara and Parvinen (2007, 25-52), the main task of marketing is customer relationship management. Others are supply chain management; product development management and other relationship management. These are carried out through processes of exchange and communication; coordination; adaptation and acquiring customer and market knowledge. (Tikkanen, Aspara & Parvinen 2007, 25-52.)

Vuokko (2004, 39-43) analyses marketing of non-profit organizations and states that the role of marketing is the need to create an effect among the focus group. It strives to make the organization and its products and services known among chosen stakeholders. It is also important to remember that marketing is not only communicating about the existing products and services. In addition, it is developing the organization’s offerings according to the needs of chosen stakeholders. (Vuokko 2004, 39-43.)

Tikkanen and Frösén (2011, 68-69) state that in Finnish organizations comprehensive understanding of strategic marketing is increasingly becoming more common. A coherent marketing orientation is gaining ground and marketing rarely seen only as a

marketing unit's task. Cooperation between research and development as well as sales is obvious and often the borderlines between these functions have become unclear. (Tikkanen & Frösén 2011, 68-69.)

Summarizing the definitions, it is important for this study to recognize that marketing is more than communicating about the offerings. In addition, it has to do with the designing the products and offering and recognizing the target groups. The following discussion in the next chapter furthermore elaborates the meaning of strategic marketing by defining the concept of marketing strategy.

3.7.1 Marketing Strategy

Marketing management is a challenge to every developing business. Marketing management is an activity that aims to plan, implement and execute the organization's marketing strategy. Marketing strategy encompasses the long-term strategic objectives and the short-term operative objectives, as well as the means and tools to attain them. (Tikkanen 2005, 12-15.)

Marketing strategy is the program that the organization uses to create value to its networks, customers and owners. The marketing strategy is designed according to the strategic and operational objectives of the organization. Marketing strategy ought to include at least the following aspects: objectives and contents; sales and marketing organization; processes and support systems. (Tikkanen, Aspara & Parvinen 2007, 57-60.)

Vuokko (2004, 133) further emphasizes the relation of marketing strategy to the organization's strategy. Marketing decisions should support the organization's path towards its vision; support its mission and values. Marketing strategy does not depart from contemplation of organizational vision and mission, but from acknowledging them in the marketing strategy. (Vuokko 2004, 133.)

The most important strategic question in marketing, according to Vuokko (2004, 136), is about the organization's offerings and the target groups. Marketing can be considered a process which illustrates those decisions that are to be made on the job. The figure 3 below adopted from Vuokko (2004, 137) illustrates the integrated process of decisions that are needed for functional marketing process.

Value selection >	Value creation >	Communicating the value
<i>Strategic marketing</i>		<i>Tactical marketing</i>

Figure 3. Marketing's value process (Vuokko 2004, 137)

Kotler and Andreasen (1991, 67-70) outline the phases of strategic marketing planning process. It starts with analysing the organization within, its mission, objectives, goals and culture. The phase to follow is to analyse the external environment, which include the social, political, technical, economic, and macroenvironmental aspects. In the following phase the marketing mission, objectives and goals can be set. In the next phase, core marketing strategy is set. This includes setting the target market, competitive positioning and setting the right marketing mix. In the next phase, specific tactics are set, performance benchmarks are determined and marketing organization and systems are designed. Finally, the strategy is implemented and the performance is assessed according to the previously set criteria. (Kotler & Andreasen 1991, 67-70.)

3.7.2 Measuring Effects of Marketing and Communication

This study has already recognized the importance of monitoring, evaluating and analyzing organization's activities to optimize performance. Similarly, an organizational management system ought to be placed in a way the outcomes of marketing and communication efforts can be measured, evaluated and adjusted accordingly. Both marketing and communication functions in an organization should be based on the organizational strategy. They need to have objectives and goals that derive from it.

As in any other case of measuring business, measuring marketing effects should produce information that will aid in decision-making, because otherwise the effort of measuring goes in vain. In order for marketing to gain a strategic role in organization, it has to be able to demonstrate quantitative, numerical results. (Tikkanen & Frösén 2011, 100, 107.)

Clark (2004, 27-35) suggests the following four concepts of measuring marketing performance: market orientation, customer satisfaction, customer loyalty and brand equity. To start measuring performance, he suggests, the organization should start collecting data on measures that are most likely to apply in the industry the organization is operating. It is important not to collect data solely on financial measures. The data ought to be then developed into leading indicators and with sufficient amount of data, the non-financial indicators, such as brand equity, can be linked to the future financial performance. A unit of analysis is increasingly shifting from the marketing unit's performance into more comprehensive, overall corporate marketing and programs-based marketing performance. (Clark 2004, 27-35.)

Measuring marketing performance becomes increasingly important in digitalizing world. The organizations are going to have more and more tools to collect customer information and analyse it. Organizations will be able to monitor investments in marketing more efficiently than before and compare them to objectives. (Tikkanen & Frösén 2011, 116-118.)

The strategic objectives of communication need to be determined in a measurable level. They ought to be closely tied to the strategic objectives of the organization, hence driving it towards its vision. Good strategic objectives can be calculated as Return on Investment (ROI) or as Key Performance Indicators (KPI) that are determined for the communication function of the organization. The objectives ought to be concrete in a way that they can be measured and evaluated, realistic and attainable. A good strategic objective is, for instance, the execution of strategy, which turns into financial results. (Juholin 2010, 60-62.)

3.8 Communication

Communication is an organizational matter. Every employee is involved in communications process and for managers, effective communicating is an important skill to be used to realize the planning, organizing and controlling functions. “It is a process that occurs within people.” (Gibson, Ivancevich, Donnelly & Konopaske 2003, 412-413.) Role of communication in management and leadership is paramount. Studies have shown that managers use 60 – 90 per cent of their time communicating (Huuhka 2010, 118.)

As it was stated in the chapters above, communication and marketing are related in many ways, especially in building the organization’s brand and image and controlling the reputation. For instance, Vierula (2014) brings forth the integrated marketing and communication processes, as well as the deep connection of those in to the organization’s other functions. Furthermore Juholin (2009b, 48-49) states that the integrated thinking connects marketing, public relations, and communication and that those are deeply intertwined and supporting one another.

Tasks assigned to communication can be manifold. They can be deeply related to organization’s existence, such as affecting the wellbeing of the organization’s employees, reputation or the society at large. On the other hand, the tasks can be more tactical, such as, editing a paper or a publication, conceiving a press release or conducting a marketing campaign. However, if the organization does not integrate communication part of its activities, the communication process remains only separate function and does not aid the organization in its strategy execution. (Juholin 2009b, 77-78.)

3.8.1 Communication Strategy

The purpose of the communication strategy is to connect the communication efforts to the organization’s main strategy. Ultimately the idea is, that communication will aid the

organization reach its strategic objectives. Also the terms communication program or plan is used, in order to emphasise the importance of the main strategy of the organization, and its superiority against any other strategy or plan in the organization. (Juholin 2009b, 99.)

Korhonen and Rajala (2011, 26) point out that the director of communications ought to be involved in the organization's strategy formulation to ensure communication is involved in the strategy process. In this case, it is assured the management involves communication as a part of the strategy. It is the duty of the communication department to ensure that the communication strategy is understood throughout the organization. (Korhonen & Rajala 2011, 26.)

Good communication strategy encompasses at least stakeholder analysis, the core messages, channels and objectives and meters. The essential parts are the stakeholder analysis and the core messages. Communication strategy ought to be in use in the communication department, as well as throughout the organization. With communication being part of the management team's job description, it will be implemented also at an operative level. Without strategic meaning, communication will remain as a supportive function to turn to, when it is already too late successfully utilize it. (Korhonen & Rajala 2011, 26-27.)

3.8.2 Corporate Communications

Corporate communication is a management function. It seeks to nurture the relationships with the stakeholders of an organization. Corporate communication focuses on the organization as a whole and seeks to effect on how the organization is presented amid its key stakeholders. Corporate communication practitioners need management skills to analyse the position of their organization, plan and develop communication programmes accordingly and evaluate the results of these programmes afterwards. (Cornelissen 2004, 9-10, 20-21.)

Communication plays a key role in organization's strategy process. According to Juholin (2009a, 112), the prerequisite for successful execution of strategy is that it is expressed in a way that everybody understands it. It is important for people to understand what are expected of them and what are the strategic objectives they ought to aim to. Furthermore, there has to be a comprehension also, how success is measured and evaluated and how it is communicated and discussed. (Juholin 2009a, 112.)

Hämäläinen & Maula (cited in Juholin 2009a, 113) divide strategy communication in three phases: defining the content, strategy process itself and strategy execution. The objectives for these are that the strategy is comprehended and that the process is explicated and that the strategy becomes part of everybody's work and daily discussions at the workplace. (Juholin 2009a, 113.)

3.8.3 Communication Professionals

As this study seeks to find the strategic roles of a communication and marketing department it is essential to investigate what are the roles and traits of persons, who work in related fields. These professionals i.e. communication practitioners, have been categorized by Cutlip, Center & Broom (cited in Juholin 2009b, 58 & Cornelissen 2004, 158-159) in theoretical roles and are listed below.

- The problem-solving process facilitator knows the needs of the stakeholders, is able to cooperate with other managers to define and solve problems related to communication, recognises the needs for development and is likely to play active part in decision-making.
- The communications facilitator is a problem-solver who works as an interpreter between the organization and its stakeholders.
- The expert prescriber is a supporting staff member who delivers information to stakeholders.
- The communication technician is a technician who prepares and produces communication materials for the communications efforts of the organization. (Juholin 2009b, 58 & Cornelissen 2004, 158-159.)

Dozier, Grunig and Grunig (cited in Juholin 2009b, 59 & Cornelissen 2004, 159) have subsequently defined the following two major conceptual roles: a communications technician and a communications manager. The technician is concerned with producing the communication material, i.e. writing publications, editing written material and visual designing. The manager is focused on planning, researching, evaluating and budgeting of the communication efforts. (Juholin 2009b, 59 & Cornelissen 2004, 159.)

Juholin (2009b, 59) further describes three types of communication professionals as follows:

- A professional with good qualifications who has enough vision and knowledge about his or her organization.
- A practitioner without qualifications, who transmits information and contacts, works as an assistant and may have an active take on his or her work.
- A professionally incompetent, faceless assistant, who is not credible co-operator among, for instance, journalists. (Juholin 2009b, 59.)

The role of which the communications practitioners play in their organization is related to the degree of how much the communication department is involved with the strategic decision-making. Management-oriented communication department is involved in management-oriented activities such as analysis, research, the formulating of communication objectives for the organization, and consulting the senior management. The management role is crucial for communications to be involved in strategic decision-making. This, however, demands the communication practitioners to have knowledge about the industry and business in which the organization operates. A communications manager has to have a strategic view and relate to different functional areas within the organization. (Cornelissen 2004, 161.)

The tasks of communication practitioners in organizations are myriad. However, the strategic role of these practitioners is increasingly emphasized. In addition, there is a demand for tactic decision-making ability, as well as ability to react swiftly to pressing matters and to consult top management and other key personnel. Communication is

considered a matter of the whole organization, but also something that needs professionals to succeed. Good communication process demands the involvement of top management as well as strong position in the organization. (Juholin 2009b, 62.)

4 STRATEGY OF OUAS

In this chapter the main points of the strategy of OUAS are presented. This chapter, together with the next one, answers the first research question. This and the next two chapters utilize the empirical information derived from the semi-structured interviews and the information from OUAS's databases, intranet and other available information.

4.1 Background of Strategy Process

The universities of applied sciences are authorized and governed by the Ministry of Education and Culture. There are several factors between their cooperation that influence the operations of individual organizations. These have an impact on the strategies as well. Thus, it is necessary to describe the background of this system.

Universities of applied sciences are municipal or private institutions and they have autonomy in their internal affairs. The core funding is based on unit cost per student, project funding and performance-based funding. The Ministry of Education and Culture, universities of applied sciences and their maintaining organizations agree on target results and their monitoring and on major development projects. (Ministry of Education and Culture 2014a.)

The government authorizes universities of applied sciences. This authorization determines their educational mission, fields of education, student numbers and location. Every four years the government adopts a development plan for education and research, which contains the educational policy for the next four years. In addition to the development plan, legislation, the Government Programme and the performance agreements govern the universities of applied sciences. Three-year agreements are concluded between the Ministry of Education and Culture, universities of applied sciences and their maintaining organizations. Universities of applied sciences are to monitor their results and take part into independent evaluation of their performance and quality assurance programmes. (Ministry of Education and Culture 2014b.)

Currently the government is reforming the universities of applied sciences. The process started in 2011 and ends in 2014. The purpose of this reform is to have a system of university of applied sciences that is internationally respected, independent and responsible educator, developer of regional competitiveness, reformer of working life and innovator. Through this reform, universities of applied sciences are to become more independent and agile to tackle the challenges imposed by the changing operation environment. In concrete level, this is visible in the financing of the organizations. Universities of applied sciences are to become legal persons and will receive the funding from the government, instead of having maintaining organizations. (Ministry of Education and Culture 2014c.) The financing model is also reformed. The model for the year 2014 is described in more detail in the next chapter.

4.2. Financing Model

Through different mechanisms the Ministry of Education and Culture shapes the strategy of OUAS and cannot be excluded while explaining the strategy process. The mechanisms include the financing model that steer the operations a great deal, as one interviewee put it:

“If, for instance the Ministry of Education and Culture, it does affect... the dialogue with them, that what is the financing model, is it going to change... the strategy guides to other decisions that the financing model and there is a contradiction in there.”

The implications of the financing model to the strategy execution are later elaborated. Hence, the financing model is disclosed here. The financing model is largely performance-based. 85 percent of the financing is based on the education. Of that percentage, 46 percent of the funding is based on the amount of graduates and 24 percent on the amount of students completing 55 ECTS credits per year. The remaining 15 percent of the financing is allocated according to the success of research, innovation and development activities. In addition, the Ministry allocates strategic financing.

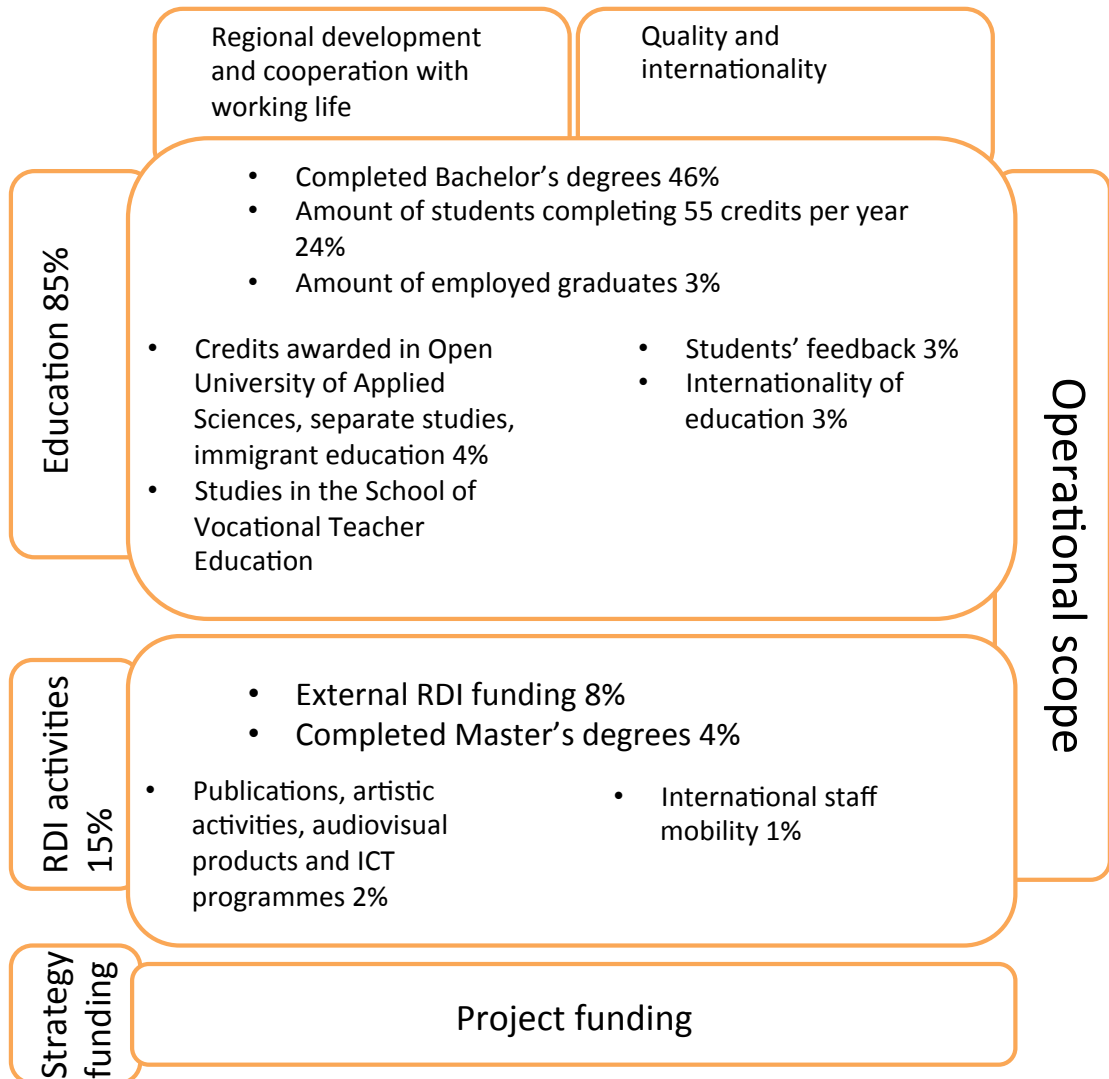


Figure 4. The financing model for the universities of applied sciences for the year 2014. Adapted from Ministry of Education and Culture (2014d)

4.3 Main Points of Strategy

The current strategy of OUAS was composed during the summer and fall 2013. According to the plans of Ministry of Education and Culture, OUAS was due to become an independent legal person in January 1, 2014. In the summer 2013, the organization was changed to accommodate the separation from maintaining organization The Oulu Region Joint Authority for Education. The newly born Oulu University of Applied Sciences had to apply for the licence to provide polytechnic education from the Ministry

of Education and Culture. To respond to all of these changes and challenges, OUAS renewed its strategy. The strategy is titled Well-being through competence – Strategy of Oulu University of Applied Sciences 2014-2020. The main points of the strategy are described in this chapter.

The strategy consists of four parts. The first part gives background information and explicates the operating environment. It is stated that the strategy aims to “target the education on the basis of the region’s needs and to generate competence-based business.” What comes to the operating environment, the strategy states that OUAS plans to cooperate within the innovation clusters in Oulu Innovation Alliance – an agreement between VTT Technical Research Centre of Finland, Technopolis Ltd., The City of Oulu, Oulu University and OUAS. The structural change in the region’s economic life is also mentioned in the operating environment part, referring to the fact that the unemployment among the youth is high in the region. Furthermore, it is stated that the former strength, the ICT sector, has run into problems that have been very visible in the Oulu region. (OUAS 2013a, 1.)

The second part of the strategy consists of vision, mission, focus areas and common themes. The OUAS’s vision is well-being through competence. The vision is accompanied by guiding policies: customer orientation, expertise, productivity and a sense of community. OUAS states its mission as follows:

- OUAS “serves the needs of the region’s working and economic life and culture, and
- maintains the diversity of polytechnic education in Northern Finland.”

The mission states further that the operations are to be adjusted to the structural change to ensure the vitality of the region. The role of anticipation is emphasized. OUAS cooperates with other education and research organizations, especially those included in the Oulu Innovation Alliance. (OUAS 2013a, 2.)

OUAS’s focus areas are Future health and well-being and Energy, natural resources and the environment. The focus areas are selected to serve the needs of the operating

environment. The objective of the focus area of Future health and well-being is to create skills and abilities to develop and utilize customer-oriented and cost-efficient services in the region. Furthermore, the objective is to adopt health-promoting policies. The focus area of Energy, natural resources and the environment concentrates on the construction and living in the north, intelligent energy solutions enabled by the ICT and low-carbon natural resource economy. (OUAS 2013a, 2.)

The first common theme in the organization is the Intelligent learning. It aims to develop new pedagogical and didactical solutions that ensure the possibility to conduct education throughout the vast operating area, conduct education export and introduce flexible education methods. The second theme, Innovative products and services, promotes cooperation with the firms in the region and commercialization of new products leveraging the expertise and resources of OUAS. The theme Entrepreneurship and new business operations is aimed to respond to the structural change in the region by developing new and existing businesses. (OUAS 2013a, 2.)

The third part of the strategy is the key success factors. They are listed as follows:

- “Education targeted to the needs of the region’s economic and professional life
- Creation of strategic partnerships and networks
- Addressing the needs of students
- Recognising and developing the competencies of personnel
- Developing management and supervisory work
- Performance, efficiency and quality of operation
- Adjusting operations to the increasingly weakened economy
- Ensuring the well-being of the higher education community”

Further, it is stated that the economy, performance and the prioritizing are in the emphasis. Because of the incorporated operation and performance-based financing model, the performance liability is cascaded throughout the organizational levels. (OUAS 2013a, 2.)

The fourth and final part of the strategy explains its implementation. It concludes that the successful implementation of the strategy demands the commitment of the whole higher education community and the major stakeholders. Further, it states that the implementation among the performance, control effect and effectiveness will be assessed annually. It states that there are special challenges posed by the need to ensure efficient management and the tightening economy. In addition, it is mentioned that the administrative structure will have to be improved. In the end of the strategy document, it is noted that the concrete and scheduled measures, liabilities and resources to reach the targets the strategy sets out, will be specified in a development plan. (OUAS 2013a, 2.)

5 ANALYSIS OF OUAS'S STRATEGY

In the following, the strategy of OUAS is analysed using the related literature and the empirical data. This analysis elaborates the answer to the first research question and answers the second research question.

Semi-structured interviews were chosen as the most important research technique to gather the empirical data for this analysis. The interviews were carried out in order to gain an understanding about how the interviewees experienced the implementation and execution of strategy in OUAS. The data collected from interviews were supported by OUAS's strategy, independent research about OUAS's operations, subject-related documents and archival records from OUAS's intranet. This data were aggregated and used to analyse the contents of the strategy, its implementation and execution and to analyse the effectiveness of the strategy execution.

5.1 Contents of Strategy

The current strategy of OUAS was conceived during the summer 2013. It is an updated version of the previous strategy. This update was done to accommodate the strategy to the application of the licence to provide education and to the incorporated operations due to the change of the maintenance model described earlier in this research report.

A draft of the strategy was placed in the intranet of OUAS in order to allow the personnel comment and scrutinize it. This was done August 12 and one week was allocated for the commenting. The draft received 21 comments in total. In addition, the Student Union of Oulu University of Applied Sciences was able to comment the draft. The board of OUAS accepted the strategy officially September 3, 2013.

The chance for commenting was appreciated among the personnel; however, the short time window to do that was criticized. Most of the critique was posed on the values, which in the finalized strategy are not called values, but policies that guide the operation

of OUAS. Productivity as a value was frowned upon in many of the comments; however, it remains in the finalized strategy as a guiding policy. The strategy brings forth the productivity, performance and economy in many parts. Some of the commenters thought this would hinder the ability to conduct the main task, the education. For instance, it was commented, that students are mentioned only twice in the strategy draft.

Rumelt (2012, 77-94) states that strategy is about doing something and it must contain action. A good strategy and good organization demands specialization on the right activities with essential amount of coordination. Furthermore, a kernel of a strategy should consist of three elements as follows: A diagnosis, a guiding policy and a set of coherent actions. (Rumelt 2012, 77-94.)

Action is what is missing in the strategy of OUAS. Strategy is concise and paints a picture about the operating environment with its changing conditions and challenges. However, the strategy does not give clear answers to the question of how these challenges ought to be tackled. The main reason for the ambiguity is that the development plan, which was intended to complement the strategy, was not conceived at all. The reason for this seems to be the changes the organization was going through during the latter part of the year 2013. One interviewee described the reason of the ambiguity as follows:

“This [the strategy] has been done for the application of the licence to conduct polytechnic education. Every time it has condensed, which calls for explaining and communication, more than the previous versions, which were meant to be understood at once, it had the explanation part. The biggest deficit in this is that it does not have the development plan, and that it has not been thoroughly worked with the personnel. The process was badly overrun by the incorporation process.”

Because of the ambiguity of the strategy, the personnel have hard time understanding the collective aim that the strategy should point to. This is a problem in an organization such as OUAS, where the experts have a notable freedom of choice to plan the contents

of their work. The next two comments of the interviewees demonstrate the lack of clear aim.

“This strategy points out the direction, but it does not give a specific aim. Developing the vision, by the way, when conceiving the strategy, was a process where we were between megalomania and this kind of piety. Are we the leading something of Northern Scandinavia or northern Europe, or do we offer multidisciplinary competence in northern Finland.”

“The strategy tells the objective where university of applied sciences wants to go. But I do not remember the content, because the text is so abstract and far from practise.”

Strategy requires trade-offs. There has to be a balance between the organization’s resources, their allocation and the objectives (Porter 2010, 17-20). In other words, it is not strategic management trying to do it all. OUAS has established focus areas to help the resource allocation. This has helped to steer the endeavours of the organization, but it has not pierced through the whole organization. In addition, there are three common themes, which are hard to differentiate from the focus areas. All these aggregated, the focused areas become quite the opposite, as this next quote from an interviewee points out:

“Strategy in this form is present in every board meeting, for instance in the development of our focus areas and these lab models that relate to education and research. They are developed especially towards the focus areas and development themes. This has been a clear enhancement, but in the operative level, the brakes are on. Everyone would like to develop their current activities and strategy is not implemented in those parts and people experience they lose something if the focus of strategy is developed forward. Without significant resource, financial contribution, none of the focus areas will differentiate. And now, in addition to the energy and well-being, the intelligent learning has kind of risen in the position of a focus area.”

5.2 Strategy Implementation and Execution

Kaplan & Norton (2002, 1) state that the ability to execute strategy is more important than the contents of the strategy. In the literature review, there are prerequisites listed for successful strategy implementation and execution. To summarize, it is important that the direction of the organization and the strategic objectives are understood and accepted by the people and there is a control system in place.

The control system means, that the actions taken to execute the strategy are allocated and the results are measured and analysed. As Toikka (2002, 199-202) puts it, the allocation of financial resources and decision-making are to be based on the strategy. Monitoring and evaluating the results and adjusting the activities according to them form the nucleus of strategic management. This involves both qualitative and quantitative meters, indicators and feedback. (Toikka 2002, 199-202.)

OUAS states (OUAS 2012b) that good quality is achieved when the operations are planned, checked, evaluated and developed systematically. The quality assurance in OUAS means policies and processes to sustain and develop the quality of the operations and execute strategy. (OUAS 2012b.) The processes are depicted in the OUAS's intranet.

The quality assurance system of OUAS is based on the management system of Total Quality Management (TQM). It was introduced in the higher education in 1980's in America (Birnbaum 2001, 97). Marchese (cited in Birnbaum 2001, 93) concludes that the idea of the TQM is the continuous improvement of quality and essentially the customer satisfaction. Birnbaum (2001, 104-108) concludes that the TQM was another management fad in higher education institutions. It was hoped to be the right answer on how to manage the higher education organizations, but in the end, it did not really fit those organizations. For instance, the customer focus, that was so important to TQM, appeared to be difficult for the higher education institutions; it was difficult to determine the actual customer to be concentrated on. Also, the culture and organizations in higher education institutions were much different than traditional industries where TQM was developed. (Birnbaum 2001, 104-108.)

The quality assurance system in OUAS is designed to be part of the Enterprise Resource Planning (ERP) system and be part of the strategy execution. FINHEEC stated in its report (Nykänen et al. 2012, 46) that the quality assurance and ERP system form an entity that the management of OUAS is committed to and that the system allows attaining results and developing the actions. However, they pointed out that the connection between the quality assurance and the ERP should be strengthened and be made clear to the personnel. They found that the personnel often mixed the OUAS's intranet, ERP system and quality assurance together. (Nykänen et al. 2012, 46.) One interviewee analysed the system as follows:

“Well, we have, under the ERP, our quality assurance system... But it is restricted to our ERP, our quality assurance. It does not include sufficiently the financial planning. The HR has own system for now. It needs to be combined and first and foremost, this quality assurance system deals only with the operations. It does not deal with the results. The performance is looked at separately. We would need an instrument, which we could use to evaluate our success as an on-going process. The quality assurance system is too detailed to do that... it is so easy to do smaller things because the quality assurance system had to be done for the audit. And it was done mostly for the audit and very little for the operations.”

Although there are many positive attributes to the quality assurance system, it has little to do with the actual steering of the operations and executing the strategy. The quality assurance system has more to do with documenting and collecting information than affecting the operations.

“... in my opinion, for example this quality work, it can have led more to perform individual tasks than seeing the bigger picture. ... these kind organizational strategies have been plagued by the conveyor belt thinking and then this quality management have been taken up in addition, this Japanese model, it is just like we have done. We have depicted processes and invested a terrible amount of energy in it.”

5.3 Effectiveness of Strategy

As mentioned, OUAS has an ERP system that is connected to the quality assurance system. Both of them are visible in the OUAS's intranet. The ERP system contains information and statistics about the core and supportive processes. The most important part of it, however, is the part that is based on the financing model. These are the key performance indicators (KPI) of OUAS. They derive straight from the financing model.

These KPIs are the ones that are actually steering the operations of OUAS and, thus, form the backbone of the strategy execution. The Information Production Team of OUAS is specially assigned to produce information related to these KPIs, such as, the amount of graduates and students that complete 55 credits per year. The top management is keeping track of the numbers and they are dealt often. This way OUAS has improved its performance a great deal. The problem with these KPIs is that they concentrate mostly on quantitative measures and do not give sufficient amount of information about more complex matters, such as the regional impact of OUAS.

Strategies of universities and universities of applied sciences are prone to be affected by hidden strategies and the realized strategy is rarely the same as the intended strategy (Malkki 2002, 101; Toikka 2002, 188). This is the case also in OUAS. The focus of the management is on improving these financial KPIs, thus, other especially qualitative measures remain neglected. This makes monitoring those functions that are not directly involved in the KPIs difficult as this next quote from an interviewee indicates:

“This is a weakness of the current financing model, that this current financing model, which is performance-based... that it doesn't measure the regional impact in sufficient amounts. ... success in this performance-based model measures in some extent the execution of our strategy, but only in some extent.”

When implementing the strategy further to the level of individual experts, there are very few measures and ways that a single professional can use to monitor his or her performance.

“My personal opinion is, that at this moment it is not possible to measure professionally and extensively, at least nothing that hasn't been precisely defined. But I think that it is being done, the strategy evaluation, all the time and people do it on hunch, like based on discussions and what kind of feedback they get.”

“At least, from a personal point of view, it has been terribly hard. To think, how I can execute the strategy in my own work, because currently it is so abstract. It lacks concreteness. What do those things mean in practise.”

5.3.1 Regional Impact

Both the previous and the current strategy have emphasized the importance of the cooperation with the regional businesses and the regional development. However, these objectives remain vaguely in the background, while the operations are concerned with the KPIs. This research indicates that realized strategy is, in fact, to educate maximum amount of students within the limit of the agreement with the Ministry of Education and Culture, and educate them in the shortest time possible.

Without consistent and continuous monitoring and evaluating, it is impossible to say, whether the operations of OUAS really are in line with its mission. However, as a quote from an interviewee suggests, the idea seems to be, that through educating new professionals and conducting research, development and innovation activities, OUAS executes its strategy:

“... we have to main missions. There is this, that we provide higher education and then, related to that, this research, development and innovation activity... That becomes our regional development mission, which really is our third mission, but it is really like one, that is realized through these two missions”

Difficulties arise when evaluating the effectiveness of the strategy execution. Firstly, the notion that OUAS is executing its strategy in efficient and effective manner is largely

based on assumptions. Secondly, the steering of the operations might not be based on facts rather than assumptions again.

“... well, currently we do know that our strategy responds to the needs of this region. Of course we have considered the city’s strategy and [Oulu] Innovation Alliance and everything else, but how do we measure it. ...we have considered e.g. which projects we are going to put forward, because we have these propositions, there are good projects, but are they in accordance with our strategy.”

“...we have certain objectives and meters, we have these performance indicators that relate to the operational efficiency, but to this regional impact, we do not have straight forward performance or financial indicators, but then, that is measured with e.g. employment and other these kinds of regional impact measures, like are there new businesses born and so on. There is, for certain, a place for development how these could be better measured.”

Furthermore, Nykänen et al. (2012, 34-37) pointed out that there are weaknesses in monitoring and evaluating the regional impact. They state in their audit report that cooperation with stakeholder groups happen mainly in individual or business unit-level. It does not appear to be controlled and holistic. Monitoring and evaluation is not utilized to a sufficient level. (Nykänen et al. 2012, 34-37.)

The regional development is a legislated task of universities of applied sciences. In addition, OUAS has put a great importance on regional development. As established, the cultural diversity, professional competence and competitiveness of the region has been emphasized both in previous and current strategies. Furthermore, the interviewees point out that the cooperation with regional stakeholders is of the utmost importance.

“I describe this current strategy, where the starting point has been that the [Oulu] University of Applied Sciences creates well-being to this northern region.”

“Essential part of it [the strategy] is that compared with e.g. University [of Oulu] we have much more of this regional impact in it.”

“In the strategy, it says that we are serving the whole north... a higher education institution serving the northern economic life. Or something like that. The fact that we are trying to go closer to the businesses and make our operations known to them and cooperate with them.”

5.3.2 Research About OUAS's Operations

In the autumn of 2013 OUAS hired Taloustutkimus, an independent market research company, to conduct a research about its operations. Taloustutkimus conducted 200 interviews, of which 75 were chosen from list of stakeholders provided by OUAS, 50 were personnel of OUAS and the rest 75 were representatives of firms randomly chosen by Taloustutkimus from a record acquired from Fonecta. The interviews were conducted in December 2013 and January 2014. The purpose of the research was to find out the opinions of personnel, stakeholders and businesses from northern Finland about the operations of OUAS. The questions were drawn from the current strategy.

The interviewees among the stakeholders and firms were asked what kind of experience do they have about OUAS as an educator and developer of working and economic life. Among the stakeholder group 59 percent had experience of regularly occurring cooperation with OUAS and 24 percent of them more random experience. Within the firms 7 percent of them had cooperated regularly with OUAS and 45 percent randomly. Among the firms OUAS is known more by its image, not by the actual cooperation. The image of OUAS is fairly positive. Judged on the scale of 1 to 5, the average among the personnel was 3,96 and among the stakeholder 3,75. The firms were more critical averaging with 3,42. The firms evaluate customer orientation with a grade of 3,08. Furthermore, when asked spontaneously from the firms which educators and developers of working life they know in the region, OUAS was not among the mentioned.

This research indicates that OUAS has not succeeded very well in its mission as a regional developer, especially in the cooperation with the region's businesses. The customer orientation is the first guiding concept listed in the strategy of OUAS. All the

interviewees recognize the importance of the regional working and economic life as a customer.

“... if you think about our groups of customers, well, maybe the most important group is the economic and working life. Regional economic and working life, you could define it that way.”

“Well, we have been thinking in that model, that it is the working and economic life and our stakeholders.”

“Economic life, working life are the main customers.”

“... kind of, if you think about it, we do serve the firms in a way that the students are resources that go to the firms, so, in that way the firms are also customers, that we produce staff for them”

In the strategy the customer orientation is defined as follows: “customer orientation means that the needs of economic and professional life, key stakeholders and students are taken into consideration in an interactive way.” However, the concept of customer is somewhat ambiguous and a broader question as the following quotes from the interviewees point out:

“Well, that is a good question, that are the students customers or not...”

“Another important customer group is the students. But in a way they are like transmitting in the same time, like that way we get results.”

“Students have to be considered as strategic partners part of this education process, in some cases also as customers. We also have of course the supporting functions internal customers, external customers. This cannot be dealt as a one entity.”

“Yes, interesting, it has been wondered in many occasions during the years, that who is the customer. And probably I am not the one to say the last word, nor the last truth in it.”

There are probably as many truths to it as there are persons. But I would see that every one of those who we work to benefit to.”

These results indicate that to get rid of the ambiguity, this concept of customer orientation ought to be broken into measurable objectives and liabilities in order to understand what it really means to different members of the organization. Furthermore, needs of the economic and professional life, stakeholders and students come across differently for different employees in the organization and ought to be specified for the sake of clarity.

5.4 New Model for Strategy

An amount of dissatisfaction for the current strategy process came up in the interviews. It is considered to be too cumbersome and unable to react to swift changes.

“Strategy is a continuum, which is updated. I don’t actually believe in a sort of fixed strategy anymore, which would be valid for a certain time, because this world is changing so fast.”

“So that these 5-year plans don’t lead to that, they don’t lead to new and different. And we should, like, as a university of applied sciences, be quite much new and different in order to succeed in our mission. And those old ones have directed us to do this same thing, only better.”

Two of the interviewees brought up the concept of continuing strategy process as an answer to those challenges.

“... we have done these 5-year plans and now we have been aching that whether we have development plans to all of them and and... now we have embarked from this, that there would be this kind of continuous strategy process.”

“And, like, we are trying to reform this way of conceiving the strategy, that it would be this kind of agile and we could respond fast to the demands of the region. ... the idea is, that the whole strategy of OUAS should fit on this one A4 sheet.”

This idea is based on Vuorinen’s (2013, 271-274) suggestion for a simplified strategy process. The idea is that the main parts of the strategy are presented in one A4 sheet as described in the figure 5.

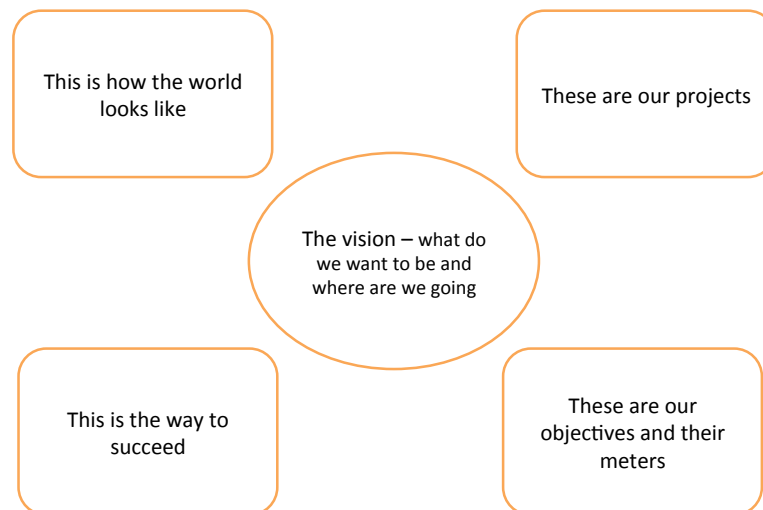


Figure 5. The continuing strategy process. Adapted from Vuorinen (2013, 272)

The rector of OUAS, Paaso (2014), pointed out in his public speech that OUAS has to be, or become, an agile organization, to be able to react the changes that the region is going through. In his presentation, he presented a picture of strategy in one A4. The vision is translated as “the best polytechnic education for benefit of the north.” He lists the structural change in Oulu, the northern opportunities and the fast digitalization as the determining concepts of how the world looks like. Strengthening the connection to the working life and to the Oulu Innovation Alliance and the role of OUAS in the alliance, utilizing the multidisciplinary professionalism of OUAS, internationalization and the educational development projects are the projects that OUAS is going to take up. The ways so succeed are the performance among the KPIs in the Ministry of Education and Culture’s financial model and enhancing the legislated regional

development function. The meters for these are better result in the KPIs of the financial model, better performance on the regional impact, better results in the Taloustutkimus's research and an average of 4,5 applicants per one study place.

This development of the strategy process has just started. It can be later evaluated whether it transforms the process. It indeed is more precise than the current strategy by delivering more concrete objectives and measurements. However, it has to be noted, that even though the strategy formulation would be more agile to react to changes, if the organization and the management is not adapted to it, it is probable that the strategy implementation fails. As mentioned previously in this study, the successful implementation of the strategy needs a proper support system. As one interviewee put it:

“We are talking a lot of about agility, well agility cannot be without a definition of policy or lack of undetermined goals, it has to be logical compared to its frame of reference.”

The frame of reference can be understood as a management control system. In other words, the management has to operate according to common goals and the control system and the organization has to be set up in a way that allows the agility of the operations.

6 STRATEGIC ROLE OF COMMUNICATION SERVICES

This chapter investigates the strategic role of the CS in the organization. It investigates how the activities carried out in the CS can aid OUAS in reaching its strategic objectives. This chapter answers the third research question.

Semi-structured interviews were chosen as the most important research technique to gather the empirical data for this analysis. The interviews were conducted in order to gain an understanding about how the interviewees experienced the OUAS's marketing and communication activities. OUAS's Communication programme, other subject-related documents and archival records from OUAS's intranet supported the data collected from the interviews. This data was aggregated and used to analyse the marketing and communication activities and their accordance with the organization's strategy.

6.1 Tasks and Organization of CS

The CS is an internal media agency whose customers are the schools of OUAS and its co-operation partners. The director of communications is in charge of the CS as well as the communication and marketing activities in OUAS. The CS employs various professionals: graphic designers, journalist, copywriter, web designers and planning officers.

The purpose of the communication process is stated in the quality assurance system. It is to communicate, enforce commitment, motivate, build identity and culture with right instruments and in correctly timed fashion. Further, it is to communicate about the mission and objectives of OUAS and to build and sustain its image. Objectives are almost the same: to communicate and building common identity, sense of communality, culture and image. The communication process is divided into two sub processes, which are directing, planning and developing the communication and customer service.

Currently the role of the CS is not strategic. It is supportive function that plans and executes communication and marketing-related tasks. The staff as communication practitioners are more technicians than problem-solving facilitators, as categorized by Juholin (2009b, 58) and Cornelissen (2004, 158-159). They prepare and produce materials rather than play active part in decision-making. This is visible both in the structure how the CS is placed as an internal service provider and in the way its functions are seen, for instance by this interviewee:

“It is precisely a supportive function, which supports that those schools can concentrate on their core competence, which is the education and our job is to tell others about that education, contents and results.”

6.2 Communication Programme

During the strategy process, it was decided that OUAS has only one strategy, hence, there is no communication strategy, but a communications programme. The current programme was conceived in the year 2011 and it was updated in the autumn 2013 to accompany the new strategy.

The communication programme determines the values and policy, concept, main messages, objectives and mission and critical success factors of the communication activities in OUAS. Furthermore it includes the organization and monitoring of the communication activities. The mission and vision are taken straight from the organizational strategy; hence, the mission and vision of communication are exactly the same as the organization’s mission and vision. (OUAS’s Communication programme 2013, 3-4)

The values and policies are mainly the same as those in the organizational strategy i.e. customer orientation, expertise, productivity and a sense of community. In addition, the communications are guided by ethical principles, transparency and advocating the free movement of information and loyalty and avoiding conflicts of interests. Further, it is stated that active communication is expected from every staff member and the

communication includes marketing communication. (OUAS's Communication programme 2013, 4)

The objectives of communications in OUAS are to aid in the realization of organizational mission and vision, transmit information nationally and internationally and to promote the awareness of OUAS. The tasks are to find new ways to raise awareness of OUAS as active regional operator and influencer, engaging and motivating the stakeholders, build and sustain positive corporate image, to probe actively the operating environment to see changes in time and to follow public and internal discussion and media. (OUAS's Communication programme 2013, 6)

The core messages and visual and textual policy form the body of the communication and function as instruments in brand building. The core message of OUAS can be translated as genuinely bold. It aims to communicate about real situation with simple and straight-forwarded language. (OUAS's Communication programme 2013, 7)

Channels of internal communication include, intranets (personnel, students and alumni), press releases, email, meetings, minun Oamk-site, planning and press conferences, social media and blogs. Externals channels include web pages, email, Aito magazine for stakeholders, press conferences, webcasts, presentation material, adverts, fairs and events, social media and ePooki (a site for publications). (OUAS's Communication programme 2013, 8)

The critical success factors are presented in the next table with objectives for the year 2015. They are accompanied with criteria, meters and actions.

Table 2. Critical success factors of communication in OUAS (Communication programme of OUAS 2013b, 9)

Critical success factor	Objective 2015	Evaluation criterion, meter / action
Communication is part of management	Communication is seamlessly connected to management and	- Feedback from the staff before making decisions - Internal audits

	vice versa	
Communicating the image according to the strategy	Communication is aligned with the strategy	<ul style="list-style-type: none"> - External evaluation (students, stakeholders) - Image research
Knowledge of the target group	The target groups are being communicated with appropriate means	<ul style="list-style-type: none"> - Aito stakeholder magazine 4 time per year - Received feedback - Analysis of media coverage - ProCom's magazine evaluation day (2014)
Promoting the sense of communality and creating networks	Conversational culture	<ul style="list-style-type: none"> - Development of minun Oamk site based on a feedback from research and expert analysis - Development of conversation and feedback channels and platforms in intranets - Community manager's activity
Functional means of communication	Correctly timed, interactive and conversational communication. Stable and active community in social media.	<ul style="list-style-type: none"> - External and internal evaluation of means and instruments (students, stakeholders) - Questionnaires - Utilizing and monitoring the added value created by social media instruments and conversationalists (community manager)
Usability and users of intranets and website	<ul style="list-style-type: none"> - Usability - Satisfied users - Accessible information - Added interactivity 	<ul style="list-style-type: none"> - Website reform - Monitoring the utilization - Training - Communicating - Collecting feedback - Monitoring the amount of users, landing routs, time spent on the site, the amount of browsed pages and search words
Staff expertise	<ul style="list-style-type: none"> - Defined needs of training - Defined core competences - Skilled staff 	<ul style="list-style-type: none"> - Days of training per person - Internal audit

	- Efficient distribution and utilization of information	
Sustainable development	<ul style="list-style-type: none"> - Utilizing commodities and services produced according the principles of sustainable development - Active communication to stakeholders 	<ul style="list-style-type: none"> - Evaluating the operations of both OUAS and its cooperatives - Documenting and evaluating actions taken according to the principles of sustainable development

The organization and responsibilities of the communication activities are also outlined in the Communications programme. In addition, the tasks of the communication activities are stated again when determining the responsibilities. In this relation, the tasks are to aid the top management in the strategy execution and in communication, building the image of community, reputation and objective profile and promoting the interaction with the stakeholders and coordinate the communication. The rector has the responsibility of the public image. (OUAS's Communication programme 2013b, 9-10.)

The director of communication is in responsible of the managing developing and planning of the communication activities. Furthermore, the responsibilities of the director of communication include communicating the image, stakeholder communication, web communication, media relationships, marketing, graphical appearance, printed materials and work groups relating to communication. Directors of the schools are responsible of the communication in their respective schools. Project managers are in responsible of communicating about their projects. (OUAS's Communication programme 2013b, 9-10.)

The CS plans and executes activities related to OUAS's communications and consults in matters related to communication and develops and sustains communication

channels. The head of student services executes and coordinates student recruitment with the CS. In addition to the directors of schools, there are persons responsible of the coordination of communication in schools. They form a work group that meets once a month to prepare, develop and evaluate matters of communication related to their field. (OUAS's Communication programme 2013b, 9-10.)

The last part of the Communication programme is dedicated to the monitoring of the communication activities. It states that the monitoring and evaluation are part of the quality assurance and they help to recognize the targets for development. Those targets are then written in a development plan and annually added in action plans. Meter are internal evaluations and audits, expert evaluations, brand analyses and image researches, publicity reports, media coverage reports, website usage monitoring, social media monitoring and user and coverage reports, qualitative analyses, questionnaires, interviews and operative results. (OUAS's Communication programme 2013b, 10.)

6.3 Analysis of Communication and Marketing Activities

Referring the division of responsibilities of the communication activities, presented above, it could be stated that the communication activities are decided and controlled strategically. However, although the responsibility is in the top management, the objectives of the communication activities are not defined in that level. Furthermore, the tasks of communications are not considered to be strategic but tactical as the following quotes from interviewees point out:

“... we have not been a strategic planning agency, but this kind of facility where we have made websites and we have been doing beautiful brochures and we could do layouts and graphic design...”

“... so we are doing communication plans with the schools and in those, I at least, try to think this thing in a way, that we define the objectives in there and even prioritize them, that these are the things we need to be able to do during the next year. Just like we should have from the top management that these are the things we have to do during the

next year. These are the most important ones and then there could be another category that these we will do if we have time.”

6.3.1 Absence of Strategic Marketing

The marketing communication related to student recruitment is based on disseminating the information in OUAS's website, in student fairs and with digital marketing campaigns. OUAS does not have a marketing strategy. A marketing plan has been conceived with an objective to lure in applicants. This plan includes the necessary information to target the promotion to the right audience. However, the plan does not include other parts of the marketing mix and, thus, cannot be considered as strategic marketing activity, but tactical.

As the marketing strategy is absent, the marketing activities are tactical and concentrate on marketing communications. Marketing is considered to be only part of communication. In the Communication programme it is stated that the programme includes marketing activities, however, as it can be seen in the summary of the Communication programme above, there are no marketing activities listed.

By definition, marketing is a function that involves analysis and planning and designing institution's offerings according to the needs of target markets. Its tasks are customer relationship management and to make the organization and its product known among chosen stakeholders. (Kotler & Fox 1985, 7; Tikkanen & Aspara & Parvinen 2007, 25-52; Vuokko 2004, 39-43.)

Referring to that definition, the marketing activities, led by the CS, in OUAS are only superficial at best. Many activities that are essential in successful marketing, such as, designing the offerings according to the needs of the targeted groups are absent. In addition, the results from the interviews indicate that there is a need of customer relationship management that is currently absent as a function of the CS. However, the lecturers in the schools that are supposed to be concentrating in education, not marketing, are carrying out this marketing activity. This is not efficient alignment of the

processes. This next quote from an interviewee illustrates the current situation related to the customer relationship management:

“We need to establish a strong connection to the small and medium-sized enterprises and distil their point of views in some way and this happens through different projects, seminars and steering groups and such... through our degree programme teams, where we have representatives from firms and working life, but the view of one SME cannot steer the higher education institution that produces hundreds of graduates in a year. So this is customer relation management.”

Huuhka (2010, 123-130) states that the processes of controlling reputation and building image and brand are important to both marketing and communication. Brand management is a pivotal part of marketing communication (Juholin 2010, 20). The process of brand building should have the utmost importance also for OUAS’s communication and marketing activities. A quote from an interviewee indicates that the current brand does not depict the organization in reality:

“I hope, that our communication on the whole, would concentrate on communicating about our plans, objectives and first and foremost, about our results... if communication is used to form the image of OUAS, which is not based on our results or clear objectives, we are in trouble with that. So, in organizations like this, communication has to be largely based on facts... students, co-operators and others can’t be lied to. Slogans that are not based on anything will turn against it self.”

6.3.2 Communication and Its Connection to Strategy

Purpose of the communication strategy is to connect the communication efforts to the organization’s main strategy (Juholin 2009b, 33). The connection of the OUAS’s Communication programme to the strategy remains superficial. The vision, mission and the guiding policy are the same as in the main strategy and despite the fact that this seems to establish the connection; it does not guide the communication practitioners in practical level. The current ERP and quality assurance system do not guide the

supporting functions, because they are not directly connected to the KPIs. The connection is indirect and based on assumptions as the next quotes from interviewees point out.

“For example, how aware people are of us, that is a clear meter and for example those numbers that rector showed in the opening ceremonies, which are our performance numbers, so those are quite clear measuring factors. And I see that the functions of the CS mirrors in those numbers, because we go side-by-side with the core functions of the schools.”

“Well, when we communicate about these things in a good way, it has an effect, when we bring out our own positive results and that positive image, so when funders are thinking of these solutions and others, I am sure it affects positively. I believe that the region has a positive image of us, our operations and it has got better recently...”

A good communication strategy encompasses at least a stakeholder analysis, the core messages, channels and objectives and meters. The essential parts are the stakeholder analysis and the core messages. (Korhonen & Rajala 2011, 26-27.) The Communication programme of OUAS does not include any kind of a stakeholder analysis. Channels listed are myriad; however, they are not put in any kind of order of importance. Objectives and meters are undetailed.

The execution of the Communication programme has the same problem as the OUAS's main strategy. In short, it lacks action and the support system. Despite the fact that there are many objectives and measures listed in the Communication programme, there is not a system in place that would collect information and measures about the communication and marketing activities and, thus, would help to steer the actions. There are no KPIs for communication and marketing. The work the CS does is very little controlled or monitored.

6.3.3 Measuring Performance of Marketing and Communication

Clark (2004, 27-35) suggests four concepts of measuring marketing performance: market orientation, customer satisfaction, customer loyalty and brand equity. To start measuring performance, the organization should start collecting data on measures that are most likely to apply in the industry the organization is operating. It is important not to collect data solely on financial measures. The data ought to be then developed into leading indicators and with sufficient amount of data, the non-financial indicators, such as brand equity, can be linked to the future financial performance. (Clark 2004, 27-35.)

Measuring marketing and communication performance in OUAS is at a low level, as the next quote from an interviewee suggests:

“... there are no precisely determined objectives in the strategy and sort of communications should answer to that what is determined in the strategy, that this is where we want to go, these are the goals. ...Until now, we have done it so, that there are Communication Services and they do everything they have time to do. So, we have kind of determined the resources and then added some actions. Probably there have been some objectives also, sometimes, but the resources have more determined what to do, when it should kind of start from the top, that first we should have objectives and actions and then we determine with what resources it is done and that's the way we are going more these days.”

The strategic objectives of marketing and communication need to be determined in measurable level. They ought to be closely tied to the strategic objectives of the organization, hence driving it towards its vision. Good strategic objectives can be calculated as Return on Investment (ROI) or with other KPIs that are determined for the marketing and communication functions of the organization. The objectives ought to be concrete in a way that they are realistic and attainable and can be measured and evaluated. (Juholin 60-62, 2010.)

Prioritizing actions is not possible without a reference to the results. When there is no clear objectives, measurements, service level agreements or a clear picture of to whom

the work is really done, the prioritizing turns to negotiating between persons and to a debate of persons with different opinions. Furthermore, a lack of straightforward financial planning makes the situation more complex. For instance, the budget for marketing communication of student recruitment is allocated on the process of education. However, the budget for marketing communication of student recruitment for the Master's degrees is under the process of research, development and innovation activities. The director of communications controls her own budget for general communication and marketing activities and the CS has its own budget. In addition, the other supportive functions such as Human Resources, IT or Internationalization Services and all the schools have their own budgets where they have allocated some funds on marketing and communication activities. In other words, there is no comprehensive budget for communication and marketing activities, which could be used to calculate e.g. ROI. Neither are the financial allocations on marketing and communication controlled holistically. All of the aforementioned players control their allocations separately and without notifying the CS, which after all, is in responsible for the results of communication and marketing.

In the quality assurance system and ERP the CS is considered to be an internal agency that serves its internal customers and executes customer service process. This gives the customers right to make the final decisions without being experts in the field of communication and marketing. In addition, as mentioned previously, different employees in the organization have different opinions of what is beneficial for the organization as a whole and what takes it towards its mission.

6.3.4 Determining Customer

Problems in clarifying decision rights point to the important question of who the customer in the case of the CS really is. There are different views of it among the interviewees, whether the customer is inside the organization or outside.

“Well, really those who in the [Oulu] University of Applied Sciences need our services. It could be anyone of the staff, but we can't service everyone. We do not have resources to service 700 people... so, the main customers are those who in the schools relate to

communications and this far also those who work in projects, project planners or managers... and directors of schools and directors of departments...

“Well, the customers have to be limited to manager-level, plus in some amount project managers, which we have, so there are student services, international relations then of course, but this our education and then the RDI activities.”

“In my opinion the customers are the same as OUAS’s. And then it would help, that we really are an organization of expertise and we do like things that are like aligned with the mission of [Oulu] University of Applied Sciences and tasks that are assigned to it and aligned with the vision and strategic objectives of OUAS.”

“... well this working and economic life and then on the whole, all the operators in this area, these policymakers and funders, so those are quite important, like that they receive positive messages. Then students in that relation, that through this positive image we lure in good students.”

The fact that the internal co-operators are considered customers, distorts the process of decision-making. The internal customer gets the right to make the final decisions about the communication and marketing activities. Prioritizing tasks is difficult; with no clear frame of reference to the strategy and KPIs, the CS can be assigned with mundane tasks that can overrule something strategically important. According to the quality assurance system, the actions of the CS are evaluated by the feedback of the internal customers in addition to CS’s self-assessment. The quote below illustrates the situation:

“... we don’t have these accurate meters. Like where there would be qualitative or quantitative definitive meters... So, also we use the measuring system that we hear people. We sort of do these qualitative interviews, but they are not in a specific form... Like according to the feedback, that have we been able to aid the schools in their core process... So, in a way, I think that the customers are the people in the schools, because we support them, so the feedback from them tells us, whether we have succeeded.”

Summarizing the discussion above, the results of this thesis research indicate that monitoring and evaluating the communication and marketing activities are largely based on assumptions and discussions between internal co-operators, not quantitative and qualitative research among key stakeholders and customers. The decision-making related to these activities is to a wide extent removed from the marketing and communication professionals. The financial planning related to these activities is scattered. In addition, the results indicate that the connection of the communication and marketing activities to the strategy are superficial.

7 CONCLUSIONS

In this chapter the conclusions of this study are drawn and discussed. In addition, some improvements are suggested.

This research aimed to explicate and analyse the strategy of a higher education institution i.e. the one of Oulu University of Applied Sciences. As it was pointed out in the study, there are different opinions whether the higher education institutions are to be managed similarly to businesses. However, strategic management has taken off also in the academic world.

This research indicates that creating strategies does not suffice. They have to be implemented and executed to really make a difference in an organization's performance. According to researches referred to on this study, this phase of the strategy process most likely turns out to be the most difficult one.

The theoretical part of this thesis research suggests that there are a number of prerequisites an organization needs to fulfil, in order to successfully implement and execute a strategy. First, contents of a strategy ought to be carefully contemplated. Strategy is the guide that leads an organization to fulfil its mission and reach its vision. Second, a strategy has to enforce action, and third, it has to include clearly stated objectives to guide an organization in its operations.

Furthermore, in theory, when the objectives of an organization are clearly stated in its strategy, there has to be a control system in place to monitor whether the organization is on the right track to reach its objectives. Ideally this control system utilizes both quantitative and qualitative indicators to inform organization's management. These indicators cannot all be based on historical data, but ought to include also those that predict the future state of an organization. Furthermore, these indicators should include all functions of an organization. Both core and supportive functions ought to be included.

Finally, from a theoretical standpoint, marketing and communication functions in organizations are to be based on an organization's strategy. To be strategically important, they have to have the management's trust and approval. If the objectives of marketing and communication do not derive from a strategy and are not monitored and evaluated accordingly, there is a strong possibility that they become strategically unimportant and the decision-making related to them will be based on opinions rather than facts.

This study indicates that the OUAS's strategy has some defects in it. The strategy itself includes right contents e.g. trade-offs in the form of focus areas and key success factors. In addition, the personnel were included in the strategy formulation and the strategy includes a description of the operative environment. However, the key stakeholders were not properly involved in the creation process of the strategy and it shows when researching the attitudes of the region's businesses towards the OUAS's operations. In addition, regardless of the contents of the strategy, this study clearly indicates that it has not been implemented; instead, it is considered a cumbersome and abstract document that is hard to grasp.

Furthermore, this study indicates that the realized strategy of OUAS is to educate a maximum amount of students in the shortest time possible. This is due to the fact that OUAS utilizes key performance indicators that are based on the financing model for universities of applied sciences. The financing model was criticized in this research due to its one-sidedness. It has little to do with qualitative evaluation. Most of the measurements included are based on quantitative information e.g. the amount of graduates per year and the amount of students gaining 55 credits per year, which are also financially the most important ones.

Monitoring and evaluating the strategy execution in OUAS is based to a wide extent on the financial indicators. Not having financial KPIs strictly assigned to marketing and communication functions, makes it difficult to manage them according to the strategic objectives. In addition, the results of this thesis research suggest that lack of strategic marketing efforts is clearly visible in the OUAS's organization.

The organization and the responsibility structure for the communication and marketing activities are constructed in a way that it could make strategic management possible. However, this study indicates that the functions of the Communication Services are not managed in such a way. Those functions are not connected to the organization's strategy. For instance, the objectives for the CS are not clearly stated by the management and there is no clear relation to the strategy. In addition, there are no KPIs that the CS is responsible of and the financial investments made in the marketing and communication activities are not controlled in such a way that reasonable returns on them could be calculated and financial allocations could be made holistically.

Some changes to the operations can be suggested. First, as this research indicates, the strategy of OUAS is ambiguous. Therefore, adding clear objectives and measures, both qualitative and quantitative, could enhance the execution of the strategy. Second, the control system could be enhanced by setting it up in a way that it would support the strategy execution. In other words, it ought to produce qualitative and quantitative information relating to the KPIs of the organization. The KPIs in turn, ought to be chosen in a way that they relate to the organization holistically, not just to those functions that are financially the most important ones.

For the marketing activities to be strategically important they would have to be concretely connected into the organizational objectives. One possible KPI for marketing that has been referred to in this study is the average amount of student applicants for one offered study place. However, it is somewhat indirect and without research on the matter it is not possible to say how much investment in marketing actually affects the amount of applicants. Strategically, for marketing, more important would be e.g. to invest in the customer relationship management. It has been suggested in this study that the brand of OUAS among its stakeholders, especially businesses, is in need of improvement.

The communication activities performed by the CS are, as well as the marketing activities, more tactical than strategic. They involve tactical operations, such as, preparing and producing communication materials. The employees of CS are not involved in decision-making at strategic level. In order to gain a strategic role, they need

to be more involved in managerial activities and function in strategically important tasks.

This study investigated the OUAS's strategy and the connection of the CS's functions to it holistically. The aim was to understand what the strategically important functions of the CS are and how they can be derived from the organizational strategy. It is clear that this is a vast subject to be investigated. However, it was necessary for the organization and for the author. For future research the subject of this thesis research could be broken into focused areas to deepen the understanding of those areas separately.

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APPENDICES

APPENDIX 1: INTERVIEW FORM

APPENDIX 2: (CONFIDENTIAL) COMMUNICATION PROGRAMME OF OUAS

Haastateltavan rooli organisaatiossa:

1. What is the OUAS's organizational strategy and its execution?
 - 1.1 Kuvaile Oamkin strategia omin sanoin?
 - 1.2 Kuvaile millä tavalla Oamkin strategia toteutetaan?
 - 1.3 Strategian mukaan Oamkin toimintaa ohjaa asiakaslähtöisyys. Kuka tai ketkä ovat Oamkin asiakkaita?
2. What instruments are used for monitoring strategy execution in the organization?
 - 2.1 Mitkä ovat ne tavat joilla Oamk mittaa strategiansa toteutumista?
 - 2.2 Miten mielestäsi yksittäinen asiantuntija voi varmistua siitä, että hänen työpanoksensa edistää organisaation strategian toteutumista?
3. What are the defined functions of Communication Services unit? Are these functions in accordance with the strategic objectives of the organization?
 - 3.1 Kerro mitkä ovat mielestäsi Viestintäpalvelujen tehtävät?
 - 3.2 Millä tavoin nämä tehtävät mielestäsi edesauttavat Oamkin strategisten tavoitteiden toteutumista ?
 - 3.3 Kuka tai ketkä ovat mielestäsi Viestintäpalveluiden asiakkaita?

3.4 Millaiset olisivat mielestäsi ideaaliset resurssit viestinnän ja markkinoinnin tehtäviin Oamkissa?

Voinko julkaista haastattelusi opinnäytetyöni liitteenä tai saako otteita siitä julkaista opinnäytetyöni osana?

APPENDIX 2 (CONFIDENTIAL) COMMUNICATION PROGRAMME OF OUAS