

CORPORATE PRACTICES AND THEIR PENETRATION OF UNIVERSITY ADMINISTRATION AND GOVERNMENT

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The sections on the management of universities and colleges are some of the most amateurish parts of the Green and White Papers, and it is remarkable that the Minister should think it appropriate to give staff in DEET power to tell some splendid universities and institutes what their decision and management systems should become.¹

J.D.G. Medley was the Vice Chancellor of the University of Melbourne at the time - a civilised and charming Englishman (Winchester and Oxford) who wrote light verse during Council and Professorial Board meetings, and who saw himself, like his Oxford and Cambridge peers, as a gentleman amateur administrator. I am sure he would have been astonished by the emergence of the professional/managerial vice chancellor - one might almost speak of the tycoon vice chancellor or, in some cases, the buccaneer vice chancellor, or even the imperial viceroy vice chancellor - which we have had the opportunity of witnessing over the last few years.²

The Dawkins White Paper heralded major changes in universities which have been well documented in the literature of the last six years. What has been much less comprehensively covered is the spread through the pre-Dawkins universities of the market ethos. Universities have become market orientated. Like any sound commercial organisation they are urged to go out into the real world and create their own markets. Their courses must be market oriented. They must be cost effective and accountable to the commercial world (usually termed 'the community'). 'Mergers' and 'takeovers' have been enforced for this is the practice of the commercial world where 'big' is believed to be not just better than small, but more profitable and more cost-efficient. Staff must be cut to the bone, not simply because there is not enough money around, but also because all 'efficient' organisations in the commercial world are doing it.

University administrative structures must be over-turned to mirror the organisation of the big business. Senior staff must take on the strategies of good, corporate managers and all the status symbols attached thereto. The assumption is that the 'successful' practices of the corporate sector can be readily applied to universities.

This paper examines this ongoing application of corporate practices and the corporate ethos to universities. It argues the process has been ideologically driven from the start, though the ideologies have not come from the corporate sector, but from the Federal Government and the SES of the Commonwealth Public Service. These have taken on board senior academics from the universities who have embraced the corporate ethos and all the status and rewards that that entails which they would never have enjoyed under the old system. It also has offered the Federal Government a more 'efficient' and more 'effective' means of power and authority over the institutions.

What has happened had its beginnings with the radical changes in the

Commonwealth Public Service in the early eighties where corporate management strategies were applied as a result of the pledge by the new Labor Government of 1983 to reform the public service. The clear intention was to apply the managerial practices of the private sector to the public service.³

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In 1988 I wrote that the White Paper had made it clear that universities would be under strong pressure from the Federal Government to reorganise their administrative structures along corporate management lines.⁴ Some pre Dawkins universities had already done this in 1988 and since then most of the others have followed suit. These changes have occurred both in the general administrative areas of the universities and also in the academic stream.

For the general administrative side the structures which have been developed are all fairly similar reflecting the classic top-down, on line management approaches.

For example (see fig. 1) the administration chart for James Cook is a fairly typical example of that for a smaller university. Deakin University (see fig. 2) has a more comprehensive management structure but it also is larger, has major distance education commitments and several geographically dispersed campuses. It has developed another bureaucratic level between the divisional heads of services (deputy secretary). Even so the top-down management pattern is similar to James Cook. The University of Adelaide (see fig. 3) has had a major revamp of its administration recently which

has similar characteristics to both James Cook and Deakin and like the latter has a level between the directors of corporate services and the registrar.

On the academic side with which this paper is mainly concerned there have been several diverse influences such as the creation of an elite group of academic administrators, the reorganisation of university management structures to conform to top-down management styles, quality provision and the marketing of programs in Australia and overseas. In this paper the first three of these influences will be discussed.

The University Senior Executive Service (SES)

The SES was first introduced to Australia in the Victoria Public Service in 1982 by the new Labor government keen to make the public service more accountable to government. The SES management style had its origins in the United States 1978 with the Civil Service Reform Act. It was characterised by the establishment of an elite corps of bureaucrats who were highly paid, motivated in part by performance appraisal schemes, financial bonuses and performance improvement plans and with a performance measurement scale related to pay levels. An essential feature was their recruitment from outside the existing public service, preferably from industry and commerce. They were appointed with a total remuneration package on a fixed term basis.⁵ The new Hawke Labor government was quick to apply the Victorian example to the Commonwealth Public Service and the form, if not the detail, has slowly spread to the universities.

University style SES has been created with the expansion of the top members of the academic hierarchy into a group of elite executives - the Vice Chancellor, Deputy Vice Chancellor, Pro Vice Chancellors and Deans. The Deputy or Pro Vice Chancellors mostly have specific responsibilities e.g. Research, Resources, Academic Affairs and the new, increasingly popular addition, International Affairs. The SES would also include the 'line manager' equivalent to the old Registrar, Business Manager i.e. the SES heads of the general administrative structure.

The combinations vary in so far as there may be a small SES (VC and Deputy VCs and Line Managers only) or a larger group where Deans are included.

Where the faculties have not been consolidated under mega dean structures and there still are a large number of Deans, these are generally not seen as part of the SES. One of the main characteristics of the SES is that it should be a small body, easily and often gathered together, seeing itself as running the affairs of the university.

With the SES has come the culture of the corporate sector business executives to the universities. The characteristics of this culture are of course based firmly in a high level of performance in enhancing the company's profits and with this comes monetary and other rewards. But of equal and perhaps of more importance to the individual are those rewards associated with status. Status is measured by the size and furnishing of the office, the latest P.C., the type of car (Holden for a beginner moving up to BMW or Mercedes), economy, business to first class for interstate or international travel, 3, 4 to 5 star hotels, children at prestigious private schools etc. Sometimes these are called perks, but they are much more than that. They represent real rewards of status especially in the male, business executive culture. They may not necessarily bring any particular enjoyment for the individual, but they do represent his progress up the corporate hierarchy and status tree.

This culture now permeates the university SES. The role of travel in the corporate and the university environment highlights the difference in the cultures which formerly existed. Academics have never been adverse to travel, interstate or overseas, and especially to conferences. On the other hand it has not been a status question in the academic community. It has been associated with the dissemination of ideas and has not been seen as one of the 'perks' negotiated as part of the job on appointment. It is quite different from the SES. Many of the rewards are written into the contracts as in the business field. Similarly the hierarchies for the status symbols are developing. For example, there are certain things that all Vice Chancellors expect in their packages (house, fully furnished and serviced, household help, chauffeur drive car (in some cases), first class travel and accommodation, entertainment allowances etc.) These are the peak status rewards with deputy vice-chancellors, mega-deans duly receiving lesser rewards. Obviously the car of the mega-dean would be of a lesser breed than that of the deputy vice-chancellor etc.

It would have been far too offensive and expensive and politically impossible for the universities to have imported experienced corporate managers from the private sector for these roles in the SES. Thus it became necessary to select suitable aspirants from the ranks of the academics, often from other universities for what are essentially administrative positions. Advertisements for these positions stress a high

academic/research profile but those in the positions know that it is extremely difficult to maintain a research output. Many give up and become

full time corporate administrators taking on not only all the status symbols of private sector corporate structures, but taking on the characteristic roles of traditional corporate managers.

The fundamental assumption here is that top-down decision making is more cost and administratively efficient than the collegial patterns of decision making developed in universities. It has not been an easy road for the new SES class because they are often torn between the collegial tradition which they know so well and have much sympathy for and their new roles which are reinforced by the succession of advice (directions) from DEET which they have to administer.

This also is closely related to whether these positions are seen as temporary elevations (e.g. 5 years) or permanent positions. Here practices vary and it will take some time to gain a general picture, but everything points to the SES members generally becoming semi-permanent i.e. renewal 5 year fixed term contracts, with some progressing the hierarchy to vice-chancellorships or high level administrative research or management positions. There comes a time in such a position that the incumbent is so out of touch with his original research area that it is very difficult to return.⁶

These problems faced by the SES in universities highlight those tensions which existed long before the advent of managerialism, but are now being accentuated i.e. the conflict between collegial and managerial styles of administration. As Peter Karmel has indicated 'universities embrace multiple activities (many disciplines or departments) each of which has multiple objectives (teaching at various levels, research, consulting, community service)'. This means that the results of their work 'cannot be readily added together, so there is no simple measure of success of a university...'

... authority within the university is intellectual authority. This is necessarily dispersed among the senior academic staff. The ViceChancellor and the senior administrators may administer the resources and may, subject to the governing body, determine broad policies, but intellectual authority does not reside in them. Moreover, the quality of a university comes from the work of many autonomous academics or groups of them.

It follows from this that a university cannot be run like a business

enterprise with a chief executive in command, seeking to maximise relatively simple variables. Consultative processes are essential and, while leadership is of great importance, such leadership must be consensual. Notwithstanding this, the modern university is usually a large complex organisation. As such, it needs to be "managed". Thus, tension between collegial and managerial styles is bound to be chronic.⁷

This is all confounded for the SES by ongoing pressures from DEET and the government where quick answers are the rule, where there is literally no time for consultative processes, even if the desire existed. As Professor Pennington in his definition of collegiately has emphasised, it is a time consuming process and as such it is very much the direct antithesis to the styles of corporate management. Collegiately is:

a process which promotes a widely consultative style of management, and it has within it the necessary checks and balances which preserve participation...

Issues which must be addressed by the university are devolved down through

the system. The responsibility to make decisions does not rest with one individual or one committee. Issues are discussed in committees at different levels throughout the institution.⁸

The New Administrative Level

Another characteristic of the new structures has been the creation of a new level in the academic administrative hierarchy between department and the SES. This is a consolidation of faculties/schools under a single administrative head (mega Dean, super Dean), often faculties with very diverse interests and/or geographically widely separated, but with emphasis on size. For example at the University of Western Australia the most recent reorganisation provides for a 'Senior Management Group' consisting of the Deans of the 6 major faculties together with the Vice-Chancellor, Pro-Vice-Chancellor (Research), Vice Principal (Finance and Resources) and the Registrar. The faculties represent an amalgamation of existing structures producing faculties of agriculture, arts and architecture, engineering, computer science and mathematics, medicine and dentistry, science and a grouping of economics, commerce, education and law under an Executive Dean to form the sixth faculty.⁹

This organisation is very similar to the reorganisation of the La Trobe University's academic administration which is in the process of implementation where a motley group consisting of economics, social science, commerce, social work and legal studies/law have been grouped to form a fifth faculty. Alleged economies of scale are important considerations here, the assumption being that it is more efficient to

administer a consolidated group of diverse interests than to have each of these diverse interests having semi autonomous administrative structures. For example the University of Western Australia's 'Devolution Review Working Party' in determining the ultimate size of the six faculties concluded that 'overall budget size was the best indicator of viability', quite explicitly excluding law as a separate faculty because it had only a small budget (\$3.070m) compared with agriculture (\$7.626m) even though it had a far greater number of students.¹⁰

The rhetoric that comes with this new administrative tier talks about devolution of authority, devolution of power. The most recent example of this rhetoric can be found in DEET's National Report on Australia's Higher Education Sector:

Given the size, diversity and multi-campus nature of many of Australia's universities, a devolved management style which promoted efficiency, relevance, responsibility and accountability, is pragmatically probably the only possible form of efficient management. Most of the institutions believe that devolution is a particularly suitable form of organisation for an academic institution, as it encourages the involvement of academics in decision making and puts the decision process close to implementation.¹¹

There has been some devolution of the day to day management tasks to the mega-faculties but no real devolution of power. The SES still retains control over the essentials such as finance, staffing and research. When La Trobe University employed a consultant to examine how devolution could be carried through according to a strategic plan already adopted by the University, he came up with a thorough-going plan of devolution of powers to the proposed five new mega-faculties. There was considerable embarrassment because what he proposed was a genuine devolution of power. His report was quickly shelved.¹²

Even though the mega-faculties will have overall control of their own budgets this does not represent any real devolution of power but an

evolution of power from the smaller units (variously called departments, faculties or schools) which previously had control over their budgets. The only increase in the number of academics involved in the decision making process is at the SES level. Previously committees which involved academics at the smaller unit level have now been subsumed or duplicated by the megafaculty committees. For the ordinary academic the mega-faculty replaces the central authority, while at the departmental level many of the decisions which would have been taken at that level will have to be ratified by the mega-faculty.¹³

The creation of a middle level management tier (ironically at a time when many large commercial organisations are busily abolishing middle level management) is in keeping with traditional top-down corporate management practices. The general rationale behind these changes has been in terms such as accountability and cost efficiency with stress that since universities are much larger now (not a little to do with Federal Government policies), they need more efficient and responsive management structures compared with previously where heads of smaller units had considerable control over finance, staffing, teaching and research, and where there was a general lack of uniformity in their functioning within a single institution.

Even though it must be stressed that the above changes are to be seen in very generalised terms and many are ongoing - there are a variety of variations on the above structures - they do indicate that one of the aims of the Dawkins' White Paper is well on the way to implementation in the universities that existed in 1988 i.e. the creation of corporate management, top-down structures and all that that implies in both the general administration and academic administrative organisations of the universities.

Quality Control

The political rhetoric in education in the 80's was 'devolution' in the early 90's 'competencies' and today it is 'quality'. The drastic cuts in teacher numbers, the merging and elimination of schools, increasing the size of classes is part of the 'quality provision' pursued by the Kennett government in Victoria. 'Quality control' is the name of the game in higher education in 1993. We wait for the key word for 1994 - with some anticipation. 'Quality' has been around for some time but it has only been since Baldwin's pronouncement of 1991 that it has emerged as central to the rhetoric of federal government policy. Baldwin (Minister for Higher Education and Employment Services) charged the Higher Education Council with the task of examining quality in universities. The HEC was to look at its 'characteristics' and 'diversity', strategies by government maintain and improve it, factors affecting it and a means by which it could be assessed. 14 Later that year the Minister announced that the government would provide additional funds of \$76 million annually from 1994 'for a quality assurance and enhancement program' to be 'allocated in recognition of good performance in the use of all available resources to attain the best quality'. He insisted that the government was 'not seeking to impose a uniform model of corporate management on the system to the detriment of concepts of collegiality'. Nor had it any intention of prescribing performance indicators to be used by institutions. Its main interest was

in helping the institutions establish and maintain their own quality provision programs.¹⁵

Quality control has a long history going back to craft industries in the

pre-industrial era. In the modern era it has assumed importance since the early nineteenth hundreds and more recently with on-line management taking control of over quality provision from the factory floor.

Quality control in the corporate sector has been used to enable the organisations to compete successfully and thereby to enhance the ultimate aim to maximise profits. Statistical and managerial control has acted to make production more efficient. At a very basic level it has become increasingly obvious in the competitive industrial world that for example a company producing 20 cars each day should aim at as few defects as possible.

On the other hand quality control supervised by management has given more power to management to assert control over every aspect of the production process. Most large companies will have a section devoted to Total Quality Management. Management may well have decided that this was too important an area to be left to the factory floor, but the net result has been more power to the management.¹⁶

It is worth looking at the present drive for 'quality' in higher education with the above in mind, especially as we have seen over the last ten years that rhetoric often conceals a quite different agenda e.g. 'devolution' read more effective centralised control, 'competency' read rote learning of skills and 'quality provision' in Victoria in 1993 read cost cutting, school closures, larger classes, fewer teachers.

The definition of quality in higher education is very problematic. 'Quality will always remain a subjective entity', proclaimed one OECD report. A very good summary of the problem of definition, even though applying to schools, appeared in the 1985 Karmel Report on Quality of Education in Australia.

The Committee has interpreted the quality of education as depending on the character of the set of elements that make up the educational system. In any given situation some of these elements may be of high quality and some

of low quality. The overall rating of an educational system thus depends on the ratings given to the individual elements and the weighting (value) attached to them. Thus the 'quality of Australian education' depends on the selection of relevant elements, the assessment of the character of these elements and the weighting given to their relative importance. The assessment of quality of education is thus complex and value laden. There is no simple uni-dimensional measure of quality. In the same way as the definition of what constitutes high quality education is multi-dimensional, so there is no simple prescription of the ingredients necessary to achieve high quality education: many factors interact - students and their backgrounds; staff and their skills; schools and their structure and ethos; curricula; and societal expectations.¹⁷

This quote encapsulates the problem of applying a concept which has been successfully applied in the corporate sector where aims and outcomes are generally clear cut to education where we are dealing with 'complex and value laden' concepts and where any definition of quality will of necessity be challenged.

Some indication of the real agenda behind the quality rhetoric was revealed when the Committee for Quality Assurance in Higher Education set out its

guidelines to universities in preparation for visits from its members.

The 1994 review will emphasise undergraduate and postgraduate teaching and learning. The review may include some or all of the following:

- . overall management
- . design and content
- . delivery and assessment
- . evaluation, monitoring and review
- . student support services¹⁸

Then followed details of procedures to be followed. All this may seem very straightforward and for those universities which participate it will undoubtedly force them to reconsider their aims and their effectiveness. This may be the only positive outcome of the whole process. Nevertheless, with \$76 million available for distribution in 1994 the Committee was not simply concerned with quality provision within each institution but also making comparisons between institutions in order to make a 'fair' allocation (obviously the \$76 million was not to be divided equally between all institutions).

The process relies very heavily on the problem of how can we evaluate the performance of the academic, the department and the university. How can we make distinctions between individuals, departments and universities unless we have agreed definitions of performance indicators? But the process outlined above indicates that there is no clear overall definitions of these. It is left for each individual institution to apply its own criteria to measure 'quality' and to measure it against its own published aims. While this process may well benefit the institution, to suggest that it can lead to inter-institutional comparisons leading to a fair or equitable distribution of quality provision funds is ludicrous.

If we take the whole process at its face value it would have been appropriate for the Quality Assurance Committee to lay down the detailed performance indicators which it intended to apply Australia wide to the institutions and ask each institution to show how it is meeting these. This has not been done because it cannot be done. This is why the Quality Assurance Committee is not examining the quality of each university but its 'effectiveness in maintaining and enhancing quality' balanced against 'its size in terms of student load' i.e. what each university is doing about quality control will be ranked and appropriate funds allocated having considered the size of each institution.¹⁹ The danger is that this ranking will be seen as a ranking of quality not of quality control by the public and politicians. A university may have faultless quality control procedures linked clearly with its mission statement, but that provides no grounds for comparison with another institution as to quality.

Even though the development of the evaluation of relative performance in higher education at the system and institutional levels has been under consideration for a long time, no consensus has been achieved. The key to this lies in the 'nature of the beast'. Universities are not (as yet) solely commercial organisations with a central aim i.e. to enhance profits. The aims of universities and academics are so diverse as to make overall assessment impossible even if we could agree as to how they should be assessed. As one recent writer in the area commented:

In higher education, many important characteristics are, unfortunately, simple not measurable.

While considerable progress has been made in recent years in developing more adequate definitions and consistent and reliable data requirements, there has been no conceptual or empirical advances that significantly improve our representations of performance or quality.

Alan Lindsay has pointed out that in the present debate about the performance of universities there is a tendency to separate technical questions about definition and measurement from the educational questions and how and to what purpose the results are to be used. He concludes that 'quality must be regarded as potentially damaging to higher education' in that it could lead to quantitative measures obscuring attempts to develop sound higher education assessment procedures.²⁰

The quality drive is relevant to this paper as it indicates yet another way in which practices of the corporate sector have been transferred to education with little consideration to their appropriateness or how, if at all, they can be adapted to a research/teaching environment. But there is also other side to 'quality', that is the real political agenda. It has been indicated above how quality control in industry has enabled management to assume greater supervision over the production process and this could be behind the current popularity of quality control in DEET and political circles.

At both the institutional and inter-institutional levels quality control has many possibilities for enhancing the power and positions of the SES and DEET just as it enhances the power of management in industry. As Martin Trow recently observed 'trust between the institutions of higher education and central government in Australia is low'.²¹ The more evidence that can be gathered, preferably quantified, the more readily can government and DEET intervene in universities. In discussing the work of the Quality Assurance Committee the NBEET Reports on Achieving Quality stressed that one of the main tasks of this Committee would be examining portfolio's of material from each institution mission statement, policies, self-assessments, results of evaluation and mechanisms by which change is introduced and in turn evaluated. This would be supplemented by reference to national data collections.

The AVCC apparently in its comments on the draft advice to the NBEET Committee did in fact suggest that this national data could be used, after refinement, to provide quantitative indicators which would give a basis on which approximate comparisons could be made. But NBEET decided that this was an area that could be left to the discretion of the Committee. If the institutions do as they are told detailed knowledge of the institutions and staff will be available to the SES and DEET together with the internal assessments. It could well produce a knowledge base to supplement that gained with the university profiles and to be interpreted and used by top level management (not only the Quality Assurance Committee) applying their own set of performance indicators and values to the data gathered. One could imagine the conversation:

The department of education at university A is clearly not up to the quality of education at university B and besides isn't it at A where we had that trouble with the Dean of Education? Shall we suggest that university A close down its education department as it does not measure up on quality?

Physics at university C has only had \$2m in grants over the last five years and it is a rather small department. Some of the staff are rather long in the tooth. They seem to do a lot of research but compared to physics at university D which took in \$5m in grants over the same period - well there

is no comparison is there, even though they don't appear to have published much. A word to the vice-chancellor at C might be appropriate don't you think?

'Knowledge is power', but quality control can also lead to SES positions. At least one university has already appointed a pro-vice-chancellor (quality control). One of his first acts was to produce overall guidelines to be followed by all departments for their assessment procedures. This is the logical extension of the quality control campaign. It will not be long before we have national meetings of quality control deputy vicechancellors to exchange experiences and also, no doubt, to be briefed by appropriate personnel from DEET.

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The above is essentially a work-in-progress paper, representing first thoughts on material being gathered from the pre-Dawkins universities. As many of the changes are in progress it has been difficult to get information on the current situation in some universities, but the paper gives some indication of general directions.

Notes

1. Bruce Williams, 'The 1988 White Paper on Higher Education', in Journal of Tertiary Educational Administration, vol. 10, no. 2, October 1988.

2. Max Charlesworth, 'From Dawkins to Where?', in Journal of Tertiary Educational Administration, vol. 15, no. 1, May 1993.

3. See Bob Bessant, 'Corporate Management and the Institutions of Higher Education', in Australian Universities Review, vol. 32, no. 2, 1988, p. 10.

4. Ibid., p. 11.

5. R. B. Cullen, 'Business, Government and Change: Managing Transition in

the Public and Private Sectors', in Australian Journal of Public Administration, vol. XLV, March 1986, p. 20.

6.The conclusions in the foregoing paragraphs are based on the initial work for a small ARC grant project looking at the effects of corporate management on universities. In many respects the development of the SES is in its early stages and in some universities almost non-existent, as yet.

7.Peter Karmel, 'Higher Education - Tensions and Balance', in Journal of Tertiary Educational Administration, vol. 13, no. 1, May 1991.

8.David Pennington, 'Collegiality and Unions', in Journal of Tertiary Educational Administration, vol. 13, no. 1, May 1991.

9.University of Western Australia, Report of the Devolution Working Party, December 1992, pp. 9-10.

10.Ibid., pp. 10-11.

11.DEET, National Report on Australia's Higher Education Sector, Canberra, 1993, p. 131.

12.Report on Devolution, (Davies Report), La Trobe University, Bundoora, 1992.

13.This is a generalised statement about what appears to be the main trend but obviously there will be variations between universities.

14.Terms of Reference for NBEET, The Quality of Higher Education, Canberra, 1992.

15.See also NBEET, The Quality of Higher Education, Canberra, 1992, ch.1.

16.Matthew Jordan, 'Quality Control in South Australia', in Journal of Australian Studies, no. 34, September 1992, pp. 67-8.

17.Quality of Education in Australia - Report of the Review Committee, Canberra, 1985, p.3.

18.Campus Review, 5-11 August 1993.

19. Ibid.

20.Alan Lindsay, 'Performance and Quality in Higher Education', in The Australian Universities Review, vol. 36, no. 1, 1993, p. 34.

21.Martin Trow, 'Aspects of Quality in Higher Education', in John Anwyll (ed), Quality in Higher Education. Proceedings of the National Workshop

held at the University of Melbourne, August 1991, Melbourne, 1992, p. 12.