Corporate management and its penetration of university administration of university administration

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The recent management of universities and colleges are some of the corporate management strategies implemented at White Paper, it is
remarkeable that the Minister should think it appropriate to give staff in DEET power to tell some collegew universities and institute what their decision and management systems should become.

(Williams, 1988) a)

J.D.G. Medley was the Vice Chancellor of the University of Melbourne at the time - a skilled and charming Englishman (Witnche

Lor and Oxford) who wrote forceful during Council and Professor

Board meetings, and who saw himself, like his Oxford and Cambridge peers, as a gentleman administrator. I am sure he would have been astonished by the emergence of the professional managerial vice chancellor - one might almost speak of the vice chancellor as, in some cases, the bureaucratic vice chancellor, or even the imperial vice vice chancellor - which we have had the opportunity of witnessing over the last few years. (Charlerton, 1963.)

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 corporate management prac-tices linked with the ideology of economic rationalism. Corporate management has been the mechanism used to enforce the predominant domination by the two universities of economic rationalism. Economic rationalism is a faith in market forces producing more efficient outcomes than government or institutional intervention. It puts economic concerns first. It supports the free market approach wherever possible in all enterprises, private or public. As Simon Marginson suggests, one of its 'gods' is efficiency in its universalising aspect, whereby market forces guide the allocation of economic resources and decision making. The key role of policy and in doing so crowds out other knowledge and practices. It sees economic productivity as the source of all social valued and social phenomena as explainable by applying economic methods (Marginson, 1992 pp. 63–4.)

In this scenario, famous practices are discarded, even though they may have been operating efficiently and effectively. Slash and destroy methods are employed in efforts are used to wipe out the accumulated knowledge built up under different ideological frameworks (Bessant, 1992, pp. 214 - 5).

Universities have become market orientated. Like any 'sourd' commercial organisation they are urged to go out into the real world and create their own markets. Their courses must be market orientated. Their graduates face the competitive world (usually termed 'the community'). 'Mergers' and 'involutions' are enforced, for this is the practice of the commercial world where 'big' is believed to be not just but still smaller, but more profitable and more cost-effective. Staff must be cut out of the bone, not simply because there is not enough money around, but also because the economics demands that output per individual must match prescribed economic objectives which include cultural and academic outcomes.

With this drive to achieve the objectives of the economic rationalism, university administrative structures must be over-turned to mirror the organization of the private sector. Senior staff must take on the strategies of good corporate managers and all the same symbols

attached thereto. The assumption is that the 'successful' practices of the corporate sector can be extended to the universities.

This article examines this ongoing application of corporate practices and the corporate ethos to the management of universities. It argues the process has been ideologically driven from the top, through the ideologies have not come from the corporate sector, but from the Federal Government and the SES of the Commonwealth Public Service. They have taken on board senior academics from the universities who have embraced economic rationalism and the corporate ethos, and still the status and rewards that entails, which they would never have enjoyed under the old system. It also has offered the Federal Government a more 'efficient' and more 'efficient' means of power and authority.

What has happened has its beginnings with the radical changes in the Commonwealth Public Service in the early eighties when corporate management strategies were applied as a result of the pledge by the new Hawke 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.

As it turned out, these practices have been along classic corporate rationalisation and efficiency drives. The net result has been the dismantlement of the power base from the floor workers. Policy is formulated by management and decisions flow down through middle level managers to the shop floor. The emphasis is on quantifiable objectives, role specific guidelines and the testing of the implementation of the objectives by performance indicators. This enables the targeting of individuals and departments to ascertain where profits or losses are occurring.

An important assumption here is that policy and operational roles can be separated. The manager has set of procedures to be applied to various situations which do not require the manager to have any particular expertise in the area over which he has control. If proposed do come forward, as they must in any educational institution, the main criterion applied by the corporate manager is whether they fit the line laid down by the government or the institution (See Bassant, 1988, p. 10).

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. The government intended to accept the 'unified system' the White Paper required a commitment from universities to major organisational reform. From 1988 universities were under pressure to introduce more 'efficient' management structures, especially in those where mergers were involved. Even before this, Bruce Williams stated ... the decline in resources per student load ... legislation on equal rights and embolden... the growing belief in the need to use performance indicators ... for justifiability and the greater ease of data processing and storage which when the appetite of the administrators... had all contributed to the growth of managerialism (Williams, 1992).

Some pre-Dawkins universities had already cut out reforms before 1988 and since then most of the others have followed suit. These changes have affected all the general administrative areas of the universities and also in the academic stream.
This article is the result of a small ARC grant which examined the organisational changes in a number of pre-Dawkins universities. A similar large exploratory research exercise was required than was possible here, but this brief look at universities revealed surprisingly uniform changes in university management structure.

For the general administrative side the structures which have been developed are all fairly similar reflecting the classic top-down, line/service brief, and functional departmental structure. For this article in particular, there have been two significant changes - the creation of an SERC (Senior Executive Service) at ministerial levels and the establishment of university management structures to conform to top-down management styles.

The University Senior Executive Service (SES)

The SES management style has its origins in the United States in 1979 through the introduction of the SERC. It was developed in line with the recommendations of the establishment of an elite corps of bureaucrats who were highly paid, make important decisions, have significant power, financial bur- reaus and performance improvement plans and with a performance measurement scale related to pay levels. An essential feature was their remuneration from outside the existing public service, preferably from industry and commerce. They were appointed with a total remunera- tion package on a fixed term basis (Cullen, 1986, p.26). The new system was designed by the New South Wales and Victorian examples, where the SES was already in place, to the Commonwealth level. The form, if not the detail, has slowly spread to universities.

A university style SES has been created with the expansion of the top management team through the creation of the Vice-Chancellor, Deputy Vice-Chancellors, Pro Vice-Chancellors, Pro Vice-Chancellors (not in charge of any particular department) and Deputy Registrars. The SES is responsible for a range of roles: research, resources, academic affairs and the, increasingly, popular addition, International Affairs. The SES of the university model is based on the Department of Defence model, with a Senior Executive Director of Human Resources, a Business Manager i.e. the SES head of the general administrative structure.

The combinations vary so far as there may be a small SES (Vice-Chancellor and Deputy Vice-Chancellors and Line Managers only) or a large group where Deans are included. Where the faculties have not been consolidated into 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.

This problem of maintaining a research profile is also closely related to whether these positions are seen as temporary elevations (e.g. 5 years) or permanent positions. However, immediately it will be taken some time to gain a general picture, but everything points to the SES remaining essentially a research organisation with a small number of Deans and small fixed term contracts, with some progressing up the hierarchy to Vice-Chancellorship or high level administrative research or management positions. There is a risk of them being cut off from the research world and this has been reinforced by the second stage of the direction from DEET which they have to follow.

This system is designed to be too expensive and politically impossible for Australia in the universities to have imported experi- ence. However, the Australian model is more flexible and specific to the Australian context than the SES. Thus it is not so much to select suitable appointees from the ranks of the academics, other from for universities for what are essentially the SES positions. It is often understood from an administra- tive stress a high academic research profile but those who are and in the positions need to be of the right type. The 6 major criteria that a person must 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 characteristics of the norms of traditional corporate managers. It has been an easy road for these new members of SES class because they are often more often between the traditional political class who they know so well that they have been in government and have been reinforced by the second stage of the direction from DEET which they have to follow.

The groups of very diverse academic interests in one mega foundation who have been involved in setting up new structures in the universities examined in this project. For example, at La Trobe University one faculty consists of economics, social science, commerce, education, science, medicine, law, etc. Each of these divisions was seen to be having some autonomous administrative structures. For example, the University of Western Australia's 'Division Review Working Party' in determining the overall size of the six faculties concluded that "nearly of the students were not the ideal group or even included in this group and that out of touch with his original research area that it is very difficult to evaluate its effectiveness. These problems faced by the SES in universities highlight those tensions which existed long before the advent of managementism, but are now being magnified. The research has indicated that SES manage- ment styles of administration. As Peter Kamil has indicated "universities embrace multiple activities (many disciplines or depart- ments, etc.) and the latest generation of top-down structures (e.g. line, top-level, research, consulting, community service). This means that the results of their work, and even of their close together, so there is no single measure of success of a university...

-university within the university is intellectual authority. This is made possible by the correlative power-structure between the faculty and the campus and with this comes monetary and other rewards. But of equal Perhaps of more importance to the individual are those rewards associated with status. Status is measured by the size and status of the office, the title, the power of the role (e.g. Dean for a large number of students, Pro-Vice-Chancellor for a smaller number of students, etc.) and the influence of the role. In many cases the role of the Vice-Chancellor is international travel, 3-5 to 4-star hotels, children at prestigious private schools etc. Sometimes these are called perks, but they are seen as more than that, seeking to distinguish the position, especially in the male, business executive culture. They may not necessarily bring any particular enjoyment for the individual, but they certainly bring status, power and respect.

This culture now permeates the university SES. The role in the at the end of the academic year, the nature of the genuinely top-down approach. It is different from the cultures which formerly existed. Academics have never been adverse to bureaucratic, research, especially, and even to conferences. On the other hand it has had a major impact on the SERC and the SES structure. As Professor Pennington in his definition of collegiality has empha- sized, it is a "sufficiently successful people, and as such, it is very much the direct antithesis to the style of corporate management. Collegiality is a... style which promotes a widely consultative style of manage- ment..."

Issues which must be addressed by the university are: decision making through the system. The responsibility to make decisions does not rest with the SES. The college, and the college of students, is the body which performs this task. However, the decision making process is at the SES level. Problem-solving is the ultimate function of the academic faculty and, especially at the departmental level, the decisions which would have been taken at that level will be validated by the faculty.
How should universities respond to the abolition of compulsory retirement?

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Background

Australia is following the lead of North America in introducing policies to make it more attractive for highly qualified academic staff to retire at age 65, without the risk of being fired or having to retire in order to secure employment. In 1986, South Wales and South Australia have already abolished compulsory retirement, Queensland legislation came into effect on July 1, 1994 and Western Australian legislation in January 1995. Victoria currently has no legislation but it is reviewing its Equal Opportunity Act 1985. It is driven by a number of factors: they have a smaller number of academics who are the majority in most universities. For these reasons the University of Queensland conducted a study to try to estimate how the impending changes might affect work and retirement decisions. Little research has been carried out on the abolition of compulsory retirement in Australia with a few exceptions (Sheffer, 1995) and the literature is substantially from the United States, where academics became subject to a fully voluntary retirement system only in 1995. However compulsory retirement at age 70 rather than at age 65 has applied to tenure academics in the United States since 1982 and non-tenure academics since 1978. This gap exists between enactment dates was a response to concerns expressed by educational administrators. The delay was to allow time for study, achieving consensus with the academic community to request a permanent exemption, if necessary (Smith, 1991).

The concerns in the United States that without compulsory retirement academic staff would opt to resign in their positions, thus stopping the flow of opportunities to younger staff, appear to be unfounded. Results of a study of 33 institutions in arts and sciences engineering fields show that large numbers of academics would not choose to retire in a world without compulsory retirement requirements. Hassen and Holland (1990) found that on average, tenure academics wanted to and do continue to work until age sixty-five, and with the option of continuing to age 70. The majority of respondents were to retire after 65 years. Overall 95% of academics expected to retire after 65 years, whilst the majority of respondents expected to retire at the current retirement age of 65 years, in contrast to non-tenure academics. The older academics are increasing their participation in the labour force, the rate at which

References


Endnotes

1. All pre-University institutions were asked to provide documents on management changes. Most respondents believed it was not possible to be in detail of such institutions.

2. There have always been males symbols presented in universities, especially associated with the female, but they were notional rewards for academic excellence (at least in theory) in keeping with the gender norms and roles of the university.

3. This pattern of combining existing faculties/institutions into same faculties with same dimensions has had no effect on the patterns of academic excellence (at least in theory) in keeping with the gender norms and roles of the university.

4. This conclusion is based on a small sample and may be challenged after further research.

5. The mean age of tenure academics is 45 years and above and that of tenure academics is 65 years and above about their preferred retirement options. Participants were asked at what age they currently expected to retire, their preferences about their work and their retirement, and the factors that were important to them in making decisions about their retirement. This was followed by a series of feedback/discussion sessions which participants were invited to discuss their plans and preferences and views on preferred policy in increasing the age at which they expected to retire. The results of the feedback sessions indicated the actual ages of retirement of staff over the preceding 10 years. Over 48% of academic and administrative staff responded, but there were relatively low response rates amongst research and maintenance staff. The vast majority of respondents were full-time and currently employed in a tenured or permanent position.

a. When do staff expect to retire? There is little evidence to suggest that many staff members plan to retire later than the current retirement age of 65 years. Overall 95% of respondents indicated that they expected to retire after 65 years, and 80% of respondents expected to retire after 65 years. At the University of Queensland, staff expected to retire after 65 years. At the University of Queensland, staff expected to retire after 65 years.