
Published 2006 by the
Higher Education Research and Development Society of Australasia, Inc
PO Box 27, Milperra, NSW 2214, Australia
www.herdsa.org.au

ISSN: 0155 6223
ISBN: 0 908557 69 8

This research paper was reviewed using a double blind peer review process that meets DEEWR requirements. Two reviewers were appointed on the basis of their independence, expertise and experience and received the full paper devoid of the authors' names and institutions in order to ensure objectivity and anonymity. Where substantial differences existed between the two reviewers, a third reviewer was appointed. Papers were evaluated on the basis of originality, quality of academic merit, relevance to the conference theme and the standard of writing/presentation. Following review, this full paper was presented at the international conference.
The corporatisation of higher education: A question of balance

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Abstract: A number of observers of higher education are arguing that the recent changes in the sector indicate a ‘corporatisation’ of higher education and that this process of ‘corporatisation’ is eroding traditional values and practices thus altering the nature of higher education. According to organisational theorists, the culture of an organisation can offer clues about the functionality of an organisation. Indeed understanding the culture of an organisation might enable key stakeholders to foretell system failure, and hence save an organisation such as a university from going ‘pathological’. This paper presents part of an exploratory investigation into the organisational culture of an Australian university. The findings support the assertion that recent changes in the Australian higher education sector have seen universities move from a corporate-collegial model towards a corporate-mercantile model, thus compromising aspects of core functionality. It is argued here that if an organisation understands what its core business is, that is, its true nature, then a strong emphasis on that area should ensure system functionality.

Key words: higher education, culture, competing values framework

Introduction

As higher education institutions such as universities and technical institutions have expanded in terms of size and expectations, so has the demand on the government purse. In turn governments, around the world, have taken an increasingly keen interest in reforming their higher education systems (Meek, 2002). In many instances, the reformation of higher education has been influenced by the socio-political phenomenon known as the “New Right” (Hunt, 1998; Leach, 1993; Messer-Davidow, 1993). For higher education systems this has meant what is variously, and in some cases, incorrectly, been termed the ‘corporatisation’ of higher education.

The aim of the reported study was to examine the organisational culture in a large university using a competing values framework (Cameron & Quinn, 1999; Quinn & Rohrbaugh, 1981) in order to ascertain the impact of corporatisation initiatives in the Australian higher education sector. This paper argues that the organisation of a university must maintain a balance between two significant and competing cultural paradigms, the corporate-collegial and the corporate-mercantile and that these elemental parts with their contradictory and competing natures form part of the enduring ‘supercomplexity’ (Barnett, 1999), or ‘organised anarchy’ (Cohen & March, 1974) of higher education systems.
Background

Recent events in the Australian public sector indicate that when an organisation has lost focus on its core business and builds a dominant corporate (mercantile) culture, then organisational dysfunction is the result. In 2003 a dramatic example of system failure occurred when the then Queensland Department of Family Services organisationally imploded (while currently, we are witnessing Queensland Health undergoing a similar audit of failure). A report by the Crime and Misconduct Commission (CMC) (2004) into the Department of Family Services found that the problems of ‘doing more with less’ by the organisation led to significant social and emotional disturbances and subsequent loss of life for some of the department’s clients, mainly children. The commission indicated that the department had failed to deliver core services due to an over-enthusiastic focus on the bureaucratic aspects of the organisation. For example, forty-eight per cent of staff were engaged in running the bureaucratic functions with “only 52 per cent of the … workforce engaged in direct service delivery” which for the commission was a “matter of serious concern (Crime and Misconduct Commission, 2004, p. 149). In short, the focus had shifted from field duties to office duties, from core functionality to non-core functionality.

From the CMC’s report, it was clear that there was a dwindling spiral of resources — financial, material, and human — at the heart of the organisation’s failure so that vital organisational resources were directed at non-core-function systems and away from core-function systems. The CMC also believed that, “These problems have existed for many years across different governments and administrations”(2004, p. 4); suggesting other publicly funded organisations are experiencing similar functional conditions. This observation appears to find its mark in the predicament of Queensland Health.

A number of observers of higher education are arguing that the recent changes in the sector indicate a ‘corporatisation’ of higher education and that this process of ‘corporatisation’ is seeing the loss of ‘traditional’ values and practices (Barnett & Griffin, 1997; Bessant, 2002; Biggs, 2002; Duke, 2004; Gaita, 2002; Maslen & Slattery, 1994; Reeves, 1988).. The loss of traditional values and practices, such as aspects of pedagogical practices (face-to-face), research (pure) and community service, collegiality and academic freedom, which are the core business of higher education, to some, are indicators of organisational dysfunctionality and potential failure.

It should be remembered however, that from the time higher education was institutionalised in the Middle Ages it has always been a corporation (Barzan, 1998; Duryea, 1973). Additionally, it is an enduring and resilient institution that has held on to many on its traditional traits in the face of all manner of social upheaval. It is argued in this paper that, as a corporation, it has always been made up of two significant parts. The two parts are termed here, the ‘corporate-collegial’ and the ‘corporate-mercantile’. The choice of these terms is to remind the reader of the historical, foundational, and functional roots of the organisation. That is, the term corporate-collegial reflects the origins of the university (“collegium”) as a collection or corpus of scholars in collegial fellowship as a corporation. In contrast, the corporate-mercantile reflects the organisational need to create operational funding for the institution in order to survive. In this way the collegial part can be thought of as the academic qualities of higher education such as teaching, learning, community service and research, while the mercantile is the ‘other’, the non-academic aspects such as management, administration, and various other support services.
Theoretical framework

One approach to understanding organisational change is through an exposition of the organisation’s culture and one approach to interpreting an organisation’s culture has been through the application of the Competing Values Framework (CVF) developed by Quinn and associates (Cameron & Quinn, 1999; Quinn & Rohrbaugh, 1981, 1983). The Competing Values Framework (CVF) born out of the quality-culture theoretical discourses of the 1970s has developed from work started later in that decade by Quinn and associates, notably Quinn and Rohrbaugh (1981; 1983), and Quinn and McGrath (1985) who wrote a “series of conceptual papers and empirical studies” on the subject (Zammuto, Gifford, & Goodman, 2000, p. 264). Quinn and his fellow researchers promote the notion of two dimensions of effectiveness. As shown in Figure 1 below, the first dimension is related to organisational focus, from an internal emphasis on people in the organisation to an external focus on scrutiny of environmental imperatives and opportunities. The second dimension represents the contrast between stability and control and flexibility and change. Later Cameron and Quinn (1999) would suggest that attributes of these competing models could be placed diametrically opposite each other along these axes. The CVF as its name implies is a matrix of conflicting organisational attributes between adaptability and flexibility, but with the ambit of organisational stability and control.

The CVF describes four quadrants of “different valued outcomes that define effective organizational performance and [the] means through which they are likely to be attained” (Zammuto et al., 2000, p. 264). The four quadrants (see Figure 1 below) are the:

1. Human Relations Model: based on cohesion and morale with emphasis on human resource and training. People are seen not as isolated individuals, but as cooperating members of a common social system with a common stake in what happens.
2. Open Systems Model: based on an organic system, emphasis on adaptability, readiness, growth, resource acquisition and external support. These processes bring innovation and creativity. People are not controlled but inspired.
3. Internal Process Model: based on hierarchy, emphasis on measurement, documentation and information management. These processes bring stability and control. Hierarchies seem to function best when the task to be done is well understood and when time is not an important factor.
4. Rational Goal Model: based on profit, emphasis on rational action. It assumes that planning and goal setting results into productivity and efficiency. Tasks are clarified; objectives are set and action is taken.

Kalliath, Bluedorn, and Gillespie (1999) used structural equation modelling to test the CVF in its structural relationships between the four quadrants. They concluded that their results supported the use of the CVF to evaluate organizational effectiveness and that the scores on the scale yielded “excellent validity and reliability measures” (p. 143).

Methods

This paper reports on one phase of a case study which was conducted in single faculty of a large Australian university over the period between 2002 and 2005. The Faculty has approximately 5000 students and a permanent staff of 115 full-time and 402 part-time and casual academics and approximately 342 non-academic staff. In the interest of ethical considerations the discipline of the Faculty is not identified and the faculty is simply referred
to as, ‘the Faculty’. Data were collected through three phases of the study; Phase 1 was the open-ended interviews, Phase 2 was the archival material and Phase 3 was the survey, however only the Phase 3 data are offered here.

<table>
<thead>
<tr>
<th>Human relations model</th>
<th>Open systems model</th>
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<tr>
<td><strong>Ends:</strong> Cohesion, Morale</td>
<td><strong>Ends:</strong> Growth, Resource Acquisition, External Support</td>
</tr>
<tr>
<td><strong>Means:</strong> Training, Dev. of human resources</td>
<td><strong>Means:</strong> Adaptability, Readiness</td>
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<tr>
<td><strong>Internal focus</strong></td>
<td><strong>External focus</strong></td>
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<tr>
<td><strong>Ends:</strong> Stability, Control</td>
<td><strong>Ends:</strong> Productivity, Efficiency</td>
</tr>
<tr>
<td><strong>Means:</strong> Information Management, Communication</td>
<td><strong>Means:</strong> Planning, Goal-Setting</td>
</tr>
<tr>
<td><strong>Internal process model</strong></td>
<td><strong>Rational goal model</strong></td>
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Figure 1: The competing values model of organizational effectiveness (Zammuto et al, 2000, p. 265)

The Organisation Culture Survey Instrument (OCSI) is based on the CVF and was administered electronically via the Local Area Network to all staff in the Faculty. The survey comprised 20 questions divided across five dimensions that related to one of four organisational types (Organisation A, Organisation B, Organisation, C and Organisation D). The respondents considered which of these questions related most closely to their organisation. The organisational types pertain to a particular culture (described in the previous section of this paper). Those taking part were then asked to distribute 100 points among the four descriptions. For each question, the respondent had to use all 100 points, and an example was provided to assist. When plotted onto the 40-point axes as seen in Figure 2 below, a pictorial representation is gained. The analysis of the data was done through, in the first instance, by a group by group analysis, and secondly by a comparison between the groups.

**Results**

Of a potential 859 Faculty staff, forty-five responded to the survey of which 43 responses could be used (Academic n = 28, Not defined n = 9, Administrator n = 6, Incomplete n = 2). Based on the Interview material (not reported here), a possible reason for the low response rate can be attributed to work conditions and restraints on time. The Administrator group (n = 6) considered the organisation to be operating predominantly in the Internal Process Model (35.16) and Rational Goal Model (32.16) quadrants (see Figure 2, below). They believed that the organisation operated less out of the Human Relations Model (7.5) and Internal Process Model (25.6) quadrants. The mark of 7.5 was the lowest of all the groups and well below the mean (20.33) of all respondents. This means that this group considered that their organisation was operating least within a HRM culture. The HRM culture is based on cohesion and morale with an emphasis on human resource and training. People are seen not as isolated individuals, but as cooperating members of a common social system with a common stake in what happens (Zammuto et al., 2000). Common terms associated with this model are “family”, “trust”, “loyalty”, “empowerment” and “collegiality” (Cameron & Quinn, 1999). This group also gave the highest mark of any of the organisational types, 35.16 for Organisation C (IPM) which suggests they see their environment being based on a hierarchy, with an emphasis on measurement, documentation and information management. It is thought these processes
bring stability and control (Zammuto et al., 2000). Common terms associated with this model are, “bureaucratic”, “rule-bound”, “by-the-book”, and “top-down” (Cameron & Quinn, 1999).

Combining all respondents (n = 43) indicated that the organisation was predominantly operating out of the Rational Goal Model quadrant (32.69), with the Internal Process Model (24.71) being the next influential culture followed by the Open Systems Model (22.26) and finally the Human Relation Model (20.33). This means that the staff believe the organisation is working mostly as a culture concerned with productivity, efficiency, and planning and goal-setting as the means through which its functions are achieved. The organisation has an external focus and is concerned with control of its functions. If an organisation were to operate solely within this quadrant it could be characterised as “oppressive sweat shop” (Quinn, 1988). The staff also believed that the organisation was operating least with Human Relations Model (HRM) characteristics. An HRM culture values mentoring and facilitating from its leaders, a decentralised structure with less rules, policies and formal planning. This translates into higher levels of trust, morale and leader credibility with lower levels of resistance and conflict (Cameron & Quinn, 1999; Quinn & Spreitzer, 1991). It is a culture of flexibility with an internal focus. The figure below (Figure 3) shows the combined responses on the OCSI graph with articulation between the corporate-collegial and the corporate-mercantile.

**Discussion**

Aspects of the literature in studying organisations have consistently theorised divisions in organisations with organisational analysts attempting to compartmentalise characteristics of systems. It could be argued that the very nature of enquiry is to dissect and compartmentalise systems. Nonetheless the literature does provide tenable and persistent evidence that divisions are inherent in organisational systems. What may be argued is along which lines those divisions occur. It may also be argued that to talk of tension, competition, contrast, or symbiosis one must have two or more parts juxtaposed in some way.
This study, rather than viewing the dialectic as a dualism between the two elemental parts (collegial and mercantile) “without any possibility of one being reduced to the other” (Jary & Jary, 1991, p. 175), proposes that the elemental parts are symbiotic, “attached to each other … one within the other to their mutual advantage” (Sykes, 1976, p. 1171). Furthermore, it is asserted here that when one part has more influence over the other it will not only upset the relationship between the elemental parts, but the entire functionality of the organisation. So that when, for example, an organisation (such as a university) has moved too far towards a particular cultural model, say a corporate-collegial model, it is thought to be counter-productive to the core functions of the organisation (Quinn & Rohrbaugh, 1983). It has been argued that unchecked HRM (collegiality) leads to an “irresponsible country club” (Quinn, 1988; Zammuto et al., 2000), the “eccentric gentleman’s club” (Brown, 1996; Sharrock, 2002) reminiscent of the eighteenth, nineteenth centuries of the Oxbridge universities which had “sunk into sloth and decay” (Davis, 2002). Conversely, when the balance moves too far in favour of the corporate-mercantile paradigm the contention is that the organisation can become an “oppressive sweat shop” (Quinn, 1988; Zammuto et al., 2000), a ‘psychopathic’ entity focused on fiscal outcomes to the exclusion of the humanity of the organisation (Bakan, 2004; Baker, 1989; de Gues, 1997; Giroux, 2005; Reid, 1996).

The evidence provided by this study, through the exposure of competing values, indicated that a corporate-mercantile culture was prevalent. Whether or not such prevalence is problematic to traditional or corporate-collegial aspects of the university, remains open to speculation, debate, and further investigation. However, organisational dysfunction in other publicly-funded organisations suggests that when attributes associated with the corporate-mercantile culture is the focus of the organisation, then core functionality may be compromised. This means that for higher education institutions, resources are likely to be taken away from core functions such as teaching, learning, research and community service in favour of those operational areas that propagate the dominant culture such as support services, management, administration and bureaucratic functions.
The phenomenon of the corporatisation of government-funded organisations is widespread and has as yet unknown repercussions. Although problems identified in government agencies such as Queensland Health and Queensland Department of Families may provide vital clues as to what can happen when resources are withdrawn, administrative duties take precedence over clinical or field duties and all staff are required to do more with less without any accountability or evaluation processes to monitor when organisations have reached breaking point. The life and death consequences inherent in institutions such as these are not so obvious in higher education; the value of higher education to the social good is seldom calculated in the short-term and is more often appreciated in the long-term.

References


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