

Minerva Access is the Institutional Repository of The University of Melbourne

Author/s:

Barry, Damian

Title:

Governing universities for the knowledge society

Date:

2018

Persistent Link:

<https://hdl.handle.net/11343/221610>

Terms and Conditions:

Terms and Conditions: Copyright in works deposited in Minerva Access is retained by the copyright owner. The work may not be altered without permission from the copyright owner. Readers may only download, print and save electronic copies of whole works for their own personal non-commercial use. Any use that exceeds these limits requires permission from the copyright owner. Attribution is essential when quoting or paraphrasing from these works.

Governing universities for the knowledge society

Student: Damian Patrick Barry

ORCID ID: 0000-0001-6194-7685

Bachelor of Economics / Bachelor of Laws

Graduate Diploma (Business Information Systems)

Master of Tertiary Education Management

Student Number: 382486

Submitted in total fulfilment for the degree of Doctor of Philosophy

An Australian Government Research Training Scheme Scholarship supported
this research

LH Martin Institute

Melbourne Centre for the Study of Higher Education

Melbourne Graduate School of Education

The University of Melbourne

December 2018

Abstract

Australia's higher education system, and its public universities, have been subject to significant external and internal challenges and changes over the past half century or more. Changes in the external environment for higher education are seen in the rapid expansion in access ("massification"), the growth and infiltration of information and communications technologies (primarily the creation of the internet) and globalisation, to name a few. At the same time, the concept of national higher education systems has emerged across the western world creating a new aspect to the consideration of higher education. The combination of changes and trends have irreversibly changed the role and operations of universities. A key governance change has been the introduction of the New Public Management (NPM) paradigm that implemented a new approach by governments to the governance, development and delivery of public services (including higher education) and pushing the provision of those services towards a more market-based and networked approach. The external environmental changes have moved higher education from the societal and economic periphery to now being the centre of a workforce, social and economic development engine and a more market-oriented education service provider. During this period, higher education in Australia has completed a regulation and funding transition from being mainly state based, to now being substantially a national government funded, driven and regulated activity. Despite these significant changes the governance arrangements of Australia's public universities have remained substantially unchanged. It is contended that higher education in Australia has reached a point where the current approaches to governance are no longer fit for purpose. Much of the research on higher education governance has focussed on issues relating to the loss of power and engagement of academe; the impact of the market-oriented approach on academic work; power within universities; values and culture. It has been summarised as the rise of managerialism. However, very little research has addressed the fundamentals of the governance arrangements. The research has assumed the structures remain relatively unchanged and has not questioned their current utility or efficacy. In this Thesis I seek to address that gap in the research. Using a mixed methods approach combining a detailed literature review, conceptual analysis and interviews with Australia's higher education leaders, I identify the key challenges facing the governance of Australia's higher education system and public universities, and then develop a set of proposals to transition the current approaches to a more fit for purpose approach.

Declaration

This is to certify that:

- a) This thesis comprises only my original work towards the Doctor of Philosophy and has not been published elsewhere or submitted for the award of another degree;
- b) Due acknowledgement has been made in the text to all other material used; and
- c) The thesis is less than 100,000 words in length, inclusive of footnotes but exclusive of tables, bibliography and appendices.

Damian Barry

December 2018

Preface

This thesis has been supported by An Australian Government Research Training Scheme Scholarship.

Some of the work presented in this thesis has been published:

Goedegebuure, L., & Barry, D. (2018). Good Governance and Higher Education. In A. A. a. A. Margalhaes (Ed.), *Encyclopedia of International Higher Education Systems and Institutions*: Springer.

Acknowledgements

Firstly, I would like to thank my supervisors, Professor Leo Goedegebuure and Professor Lynn Meek whose patience, guidance and support throughout my candidature kept me on track. Further, I wish to thank my previous supervisor, Dr Geoff Sharrock, whose enthusiasm and support started me on this journey and the L H Martin Institute and the Centre for the Studies of Higher Education staff for their support.

Importantly, I would like to especially thank my wife for her emotional support as well as her formatting skills. Without her by my side and her support I would not have attained this goal.

TABLE OF CONTENTS

Abstract	ii
Declaration	iii
Preface	iv
Acknowledgements.....	v
Table of Contents	vi
List of Tables	xi
List of Figures	xii
Glossary of terms.....	xiii
1 Introduction	1
1.1 Overview	1
1.2 Research question	3
1.3 Research rationale, design and method.	3
1.3.1 Rationale.....	3
1.3.2 Design and Method	4
1.4 Structure of Thesis	7
2 Governance	9
2.1 Introduction	9
2.2 What is governance?	11
2.2.1 Definition.....	11
2.2.2 Actors, agents and stakeholders.....	12
2.2.3 Typologies of governance	13
2.2.4 Concluding remarks.....	16
2.3 Governance design	17
2.4 Summary	18
2.5 What is 'good governance'	18
2.6 Higher education governance	22
2.6.1 Introduction.....	22
2.6.2 Shared governance.....	25
2.7 Institutional governance - governance <i>in</i> universities	28
2.7.1 Institutional governance structures	30

2.7.2	Australia's public universities	33
2.7.3	Moving the institutional governance culture into the 21st century	38
2.8	Governing higher education systems – the governance <i>of</i> universities.	39
2.8.1	Intermediating organisations - new governance actors	41
2.9	Concluding remarks	43
3	Theoretical concepts	45
3.1	Introduction	45
3.2	Systems theory and systems thinking	45
3.2.1	Systems thinking, higher education and governance	46
3.2.2	Higher education system dynamics: Clark's "Triangle of Coordination"	
	50	
3.2.3	What is a system?	52
3.2.4	System typologies	53
3.2.5	Which System?.....	59
3.2.6	Governance and complex systems	59
3.2.7	Summary	61
3.3	Organisation theory.....	62
3.3.1	Neo-institutional theory.....	63
3.3.2	Resource dependency theory:	64
3.3.3	Other theories.....	64
3.4	Concluding remarks	65
4	Setting the scene	67
4.1	A short history of the university	67
4.2	The changing higher education environment.....	70
4.3	Concluding remarks	76
5	Higher Education and universities in the 21 st century	78
5.1	Universities and the knowledge economy / knowledge society.....	78
5.2	"Mission" or "Purpose" – current issues.....	81
5.3	The external environment.....	84
5.3.1	Globalisation.....	88
5.3.2	Digital transformations and the networked economy	89
5.3.3	Competition with and between universities	91
5.3.4	University Rankings and Prestige - striving for competitive advantage	91
5.4	The changing internal institutional environment.....	95

5.4.1	Corporatisation and the higher education workplace.....	96
5.4.2	Lifelong learning - broadening the student base.....	98
5.4.3	Technology.....	99
5.4.4	Accountability and quality assurance (conformance and performance) – the emergence of an “audit culture”	100
5.5	Responding to the challenges.	101
5.6	Summary	103
6	Higher education in Australia.....	107
6.1	Australian higher education in the 21 st century	115
6.1.1	Diversity and Excellence	117
6.2	Australia’s higher education system	118
6.2.1	The Australian public university legislative framework	120
6.3	The Australian Regulatory Framework	124
6.3.1	The policy context.....	132
6.4	Summary	137
7	A conceptual model of governance.	139
7.1	Purpose	140
7.2	Government - funding, legislation, regulation and policy	140
7.3	Environmental context.....	141
7.4	Values & beliefs	141
7.5	Historical context.....	142
7.6	Theory and practice	143
7.7	Concluding remarks	143
8	Interviews analysis	146
8.1	System level.....	146
8.1.1	Question 1: What are the long-term pressure points and challenges confronting the Australian tertiary education sector?.....	146
8.1.2	Question 2: Is the current design of the tertiary system suited for the knowledge economy?	160
8.1.3	Questions 3: Are the current governance arrangements, tools and policies providing the best environment to address the pressure points and challenges?	163
8.1.4	Question 4: What are the barriers (if any), and opportunities to a more effective governance of tertiary education in Australia?	169

8.1.5 Question 5: Should the current Commonwealth/State agreements for the governance of universities be revisited?	171
8.2 Institutional level	174
8.2.1 Question 1: Is the current approach/model of institutional and academic governance still fit for purpose? If not, what changes are needed?	174
8.2.2 Question 2: What are the barriers to more efficient and effective governance of universities?	181
8.2.3 Question 3: The funding model, the industrial relations environment and current conceptions of the academic role and academic work are seen as problems for the business model of Australian universities and their governance. Do you agree? Any suggestions as to how to address these issues?	183
8.3 Conclusion	186
9 Summary and conclusion: Designing higher education governance for the knowledge society	189
9.1.1 Purpose	190
9.1.2 Environmental context	191
9.1.3 Government – funding, regulation, legislation and policy	194
9.1.4 Historical context & values	196
9.1.5 Theory and Practice	199
9.2 Summary	202
9.3 Where to from here?	203
9.4 Designing Australia's university and higher education system for the knowledge society	204
9.4.1 Proposal 1: Re-define the purpose(s) of Australia's higher education system - drive diversity	205
9.5 Developing policy – engaging stakeholders	206
9.5.1 Proposal 2: Establish a system governance body	207
9.6 Governing universities: Governance <i>in</i> universities.	209
9.6.1 Proposal 3: States to refer all legislative power relating to universities to the Commonwealth	210
9.6.2 Harmonise the legislative framework of public universities	211
9.7 University governing bodies:	212
9.7.1 Council	212
9.7.2 Academic governance	214

9.8	Future research possibilities.....	216
9.9	Final remarks	216
	References	218
	Appendix A: Interview Questions	236
	Appendix B: University Acts and web sites referenced	237
	Appendix C Chronology of Australian universities.....	240

List of Tables

Table 1.1 Breakdown of interviews	5
Table 2.1 Corporate and Public Sector governance – key differences	15
Table 2.2: Overview of principles of Good Governance	20
Table 2.3 Frost template of governance logics.....	24
Table 2.4 Stensaker Framework for Shared Governance	27
Table 4.1 OECD Challenges facing tertiary education	75
Table: 6.1 List of Government Reviews 1988-2017.....	127
Table 6.2 “Reform of Federation White Paper” summary table	132

List of Figures

Figure 2.1: The Langlands Standard: Six Principles of Good Governance	21
Figure 2.2 Carnegie governance model	32
Figure 2.3 Intermediating bodies – information flows	42
Figure 3.1. Purpose and Governance	49
Figure 3.2 Clark’s Triangle of Coordination	50
Figure 6.1 Growth of Australia’s universities	109
Figure 6.2 Australia’s higher education system	119
Figure 6.3 Australia’s higher education regulatory system	125
Figure 7.1 Conceptual model of governance.....	139
Figure 9.1 Conceptual Model - revisited.....	190
Figure 9.2 Academic governance model	216

GLOSSARY OF TERMS

AQF	Australian Qualifications Frameworks
AUQA	Australian Universities Quality Agency
HECS	Higher Education Contribution System
HEI(s)	Higher Education Institution(s)
HEP(s)	Higher education Provider(s)
Higher Education Sector	incorporates all organisations that develop and deliver qualifications at Bachelor degree and above in accordance with the Australian Qualifications Frameworks (AQF)
Tertiary Education Sector	incorporates all organisations that develop and deliver post-secondary education qualifications
TEQSA	Tertiary Education Quality and Standards Agency- Australia's national regulator

Sector or System: In this thesis, the term will be used interchangeably unless it is appropriate to specifically refer to either sector or system for clarity or accuracy in citing.

Higher education and Tertiary education. Higher Education refers to qualifications at Bachelor degree and above in accordance with the Australian Qualifications Frameworks ("AQF"). However, for this thesis I am limiting the investigation of higher education governance to universities – i.e. those organisations which fit the current Australian regulatory definition of a "university". Tertiary education incorporates refers to all post-secondary education.

1 INTRODUCTION

1.1 Overview

In the latter part of the 20th century governance, both corporate and public, came under increasing scrutiny because of perceived failures of governance - especially at the corporate level. Public sector entities, including Australia's universities, have also been the subject of governance reviews.

Governance is "a process whereby societies or organizations make their important decisions, determine whom they involve in the process and how they render account" (Graham, Amos, & Plumptre, 2003, p. 1). In both the public and private sectors, at both the system and institution levels, governance rests upon "the agreements, procedures, conventions or policies that define who gets power, how decisions are taken and how accountability is rendered" (ibid). In summary, governance is about how decisions are made, who is involved, who makes them and who implements them. At both the system and institution levels, governance principles are similar, and the relationship between system and institutional governance is strong.

The importance of governance to achieving organisation and system outcomes is well accepted in the literature. "Fit for purpose" governance empowers and engages stakeholders and provides the foundation for sectors and institutions to achieve their objectives. Governance arrangements that are fit for purpose and the application of good governance approaches and principles are governance challenges across the broader public and corporate sectors, as well as a question for the higher education sector and universities.

In the public administration domain, governance arrangements and processes at the national or system level are described in terms of how the state steers, plans and regulates social systems such as health, justice and education, including higher education. The governance actors (those who play a role in the practice of governance) for public administration systems include parliament, ministries, departments and regulators. At the institution level, the governance actors include company boards of directors, committees, CEOs, Vice Chancellors, Chancellors, university Councils and Academic Boards. Governance processes and practices are found in company legislation, government regulations and policies, institutional policies and organisation structures.

The concern with “fitness for purpose” arises from the ongoing impact over the past half-century of a range of developments in higher education globally, as well as in Australia, that are well researched and discussed in the research literature and various media outlets. Those developments include the transition from an elite to mass higher education participation system (“massification”) (Trow, 1972); new approaches to public sector management known as New Public Management (“NPM”) (Hood, 1991); globalisation (Peters, 2002a); marketisation/ commodification of education (Slaughter & Leslie, 1997); technological innovation (Audretsch, 2014) and the challenge to develop a sustainable public funding model for higher education (Snowdon, 2015). These developments impact the current governance arrangements and practices of Australia’s higher education sector and its public universities. Their effects raise the question, which will be explored in greater detail in this thesis, as to whether the current governance arrangements are still fit for purpose. The detailed research questions are set out below in chapter 1.2

Additional challenges to the current approach to, and practice of, governance are coming from the pressures on the established business model of higher education (ibid). These pressures include: changing student demographics, the definition and structure of the higher education workforce (academics, professional and technical staff) whose career plans and aspirations have challenged the traditional academic power base and culture within higher education, and the undergraduate funding model (Deloitte, 2016; Dobson, 2005; Harding & Harrison, 2015; Harley, Muller-Camen, & Collin, 2004; Szekeres, 2006). These add complexity to the fit for purpose governance discussion.

It is a challenging time for those entrusted with steering higher education.

As Dr Michael Stevenson, when President of Simon Fraser University in Canada, observed: “...the mass university of the second half of the twentieth century became a far more complicated institution -- and complexity breeds changes in governance” (Stevenson, 2004).

The aim of this research is to move beyond a purely analytical approach and to identify potential solutions at both the sector and institution level to address the issues identified and move to a fit for purpose approach to governance.

1.2 Research question

The overarching research question for this study is:

Are the current approaches to governance for the Australian university sector/system and its public universities fit for purpose?

To address the larger question the following sub questions are posed:

Sector or System Level:

1. Is the current approach to system governance of the higher education sector suited for the knowledge society?
2. What are the barriers (if any), and opportunities to a more effective governance of the higher education sector in Australia?

Institutional level:

1. Is the current approach to institutional governance and academic governance still fit for purpose?
2. What are the barriers to more efficient and effective governance of universities and how can they be overcome?

1.3 Research rationale, design and method.

Higher education governance, of systems and universities, has a rich, broad and deep research history. The concept of governance more generally has developed a research and political importance over the past decades, as indicated by the number of government reviews and inquiries which identified governance challenges as a significant cause. Australian examples are the Hoare Report (1995); the Department of Education & Training (Victoria) Review of University Governance (2002); the 2013 Crime and Misconduct Commission report into the actions of the then Vice Chancellor of the University of Queensland and the inquiry into The University of New England in 2014.

However, the research literature is thin in discussing the “fitness for purpose” of the current governance arrangements. It is the intention of this thesis to add to this limited body of knowledge and research.

1.3.1 Rationale

Governance is an area of significant research interest to me. As an experienced management practitioner and company director, governance was always explicitly and implicitly a key factor in carrying out my responsibilities. This became more apparent when I entered the higher education workforce and discovered an approach to, and a culture of, governance that raised issues and inspired further research and investigation. My initial research identified many questions as to how

the current approach evolved, why the governance set-up is what it is and why some stakeholders are apparently excluded from key governing roles and bodies. Thus, my research journey began.

1.3.2 Design and Method

This thesis is a combination of literature review, conceptual analysis and empirical research.

Firstly, I undertook a broad and in-depth review of the literature and analysis of the history of universities to better understand how universities formed as they did. I then examined the current higher education environment and governance landscape - globally and in Australia.

Secondly, qualitative data has been obtained through a series of semi-structured interviews (the questions used in the interviews are set out in Appendix A) with those members of the higher education community who are, or were, active in the practice and/or research of governance of universities and the higher education system.

The selection of the interview participants was designed to target as broad range of candidates relevant to the Thesis topic. Candidates with governance roles and responsibilities at the system and/or institutional levels were primary targets. Current Vice Chancellors (as the university's President and CEO) and Chancellors (as Chair of the primary governing body) were an obvious candidate group given their leadership roles in institutional governance as well as their engagement with sector/system governance and their engagement with the main system sponsor - the Commonwealth government. It was important that my pool of candidates represented a mix of metropolitan and regional universities and a mix of university types such as the research-intensive universities (represented by the Go8 group); dual sector universities (i.e. those that offer both vocational training qualifications, known as 'VET', and Bachelor and above qualifications); a mix of those universities that had emerged post WW II (and not in the previous groupings) and other universities that were created through mergers and other actions arising from the reforms of 1987 (known as the "Dawkins reforms"). A broader group of candidates was identified that included ex Chancellors and ex Vice Chancellors, senior university academic and professional staff with governance responsibilities and/or research interests in the area. Officers from the relevant Commonwealth Department (the Department of Education and Training) were required to provide the national government's perspective given their major role as funder of higher education and policy setter. A representative of the national regulator (The Tertiary

Education Quality and Standards Agency, “TEQSA”) was identified to provide the regulator’s view especially around the relevant Standards that cover governance of universities. I also identified several independent higher education experts and researchers who had researched and written extensively on this topic and provided a more “objective” view of the way the Australian system and universities are governed. The participants in this group had experience in university and sector governance at both the theoretical and practical level. University councillors and university secretaries were identified for their understanding of the practice and challenges of governance at the institution level. I invited executives of Australian university advocacy groups such as the Group of Eight (Go8), the Australian Technology Network (ATN), the Rural Universities Network (RUN) and Universities Australia (UA) for their views and understandings of the issues at the system level especially in relation to the how the sector is engaging with the government and industry, and how it is engaging with the development of policy and funding models.

The foregoing candidates were grouped as per Table 1.1. Current VCs and Chancellors comprised the first two groups and the balance of interviewees comprised the “Other” group. Forty-five formal interviews (most via teleconference or Skype) were conducted and one Chancellor provided written material on the topic. Participants were invited by email to participate. Each interview lasted approximately for one hour.

In addition, I had several informal interviews and discussions with other higher education experts in Australia and the United Kingdom whose contributions provided additional background for the more formal interviews.

The breakdown of the forty-five (45) semi-formal interviews is in Table 1.1 below:

Table 1.1 Breakdown of interviews

	Chancellor	Vice Chancellor	Other	Total
City	8	13	16	37
Rural - Regional	2	3	3	8
Total	10	16	19	45

All states and the Australian Capital Territory (ACT) had at least one university Chancellor or Vice Chancellor (“VC”) interviewed. In four cases the interviewees

were the current VC and Chancellor of the same university – but interviewed at different times. This provided an interesting comparison of views.

Most interviews were recorded, where possible, otherwise extensive notes were taken during the interview. The responses were summarised in a spreadsheet divided according to the groupings identified above. A full empirical analysis of the responses is contained in Chapter 8. Participants were asked a series of questions (refer Appendix A) relating to the current pressures and challenges for the Australian higher education sector and universities; the governance challenges facing both and whether the current governance set up is fit for purpose. Their views on options to improve governance were also obtained.

Thirdly, secondary data was identified, accessed and utilised. This data included university strategic plans; the State and Commonwealth Acts of Parliament that create public universities; government reports; reports and reviews from independent consultancies and Institutes; university mission statements and a range of commentaries, blogs and other media content relevant to the subject matter. Most of this data was accessed from university, government and other web sites or identified via web searches using a key word search algorithm. This type of data was appropriate to understanding the regulatory position and to provide a picture of how universities perceive their role; how they operate and position themselves within the higher education system and how they have structured their governance within the regulatory constraints that apply to public universities. This data identified state government differences both in their approach to university governance, legislative design and higher education. As will be discussed in more detail in chapter 6, the Australian public university is a creation of state government legislation. But even though they remain *de jure* in the state jurisdiction, over time, all states have effectively transferred their regulatory and funding role to the federal government. The role of Australia's States and Territory governments in higher education is varied, but generally limited.

Commentary generated through other media was important to identify community and other interested parties' views as to the role and function of, and concerns about, universities.

The following media outlets were accessed and searched for relevant commentary relating to higher education governance which provided additional background and context for developing the interview questions and conducting the interviews:

- The Australian newspaper's Higher Education section;

- The Grattan Institute reports
- “The Conversation” web site
- L H Martin Institute blog
- Media releases from Universities Australia; Group of Eight
- The Chronicle of Higher Education web site
- The Times Higher Education Supplement
- A range of local and international newspapers and blogs that carried relevant content.

As Australia’s universities are recipients of significant public funding these observations provide additional background and identify levels of understanding by those outside the system as to how universities work and what their purposes are. Understanding the various public perceptions about the purpose of higher education helps inform the approach to governance and provides different perspectives as to what fit for purpose means to this significant stakeholder group.

Ethics clearance was obtained to enable interviews to take place.

1.4 Structure of Thesis

The thesis is structured as follows:

Chapter 1 sets the context, including a statement of the research questions, the rationale for the study, the design of the study and the methods used.

Chapter 2 contains an in-depth review and analysis of the concept of governance. Initially, the chapter reviews governance generally, the various typologies and the design of governance arrangements. Following on from this is an exploration of the concept of *good governance*. Next follows a more detailed examination of higher education governance at the institutional level (public university), including an examination of academic governance and the concept of shared governance. Finally, there is an examination of the governance of higher education at the system level with a specific discussion around the emerging governance role of intermediating organisations.

Chapter 3 identifies and analyses the various theoretical concepts that underpin this thesis, specifically systems theory and organisational theory, and their influences on governance.

Chapter 4 sets the scene by providing a short review of the historical origins of universities generally. This chapter looks at the changes to the higher education environment over the past century and specifically the development of higher

education as a system and its transition from what Trow (1972) termed as an “elite” system to a “massified” system.

Chapter 5 examines the challenges facing the higher education sector and universities in the 21st century, and discusses the current issues relating to the concept of the mission or purpose of higher education. Purpose is fundamental to the practice and processes of governance. Without a clear purpose governance has little meaning.

Chapter 6 examines the development of Australia’s higher education system and identifies and discusses the challenges facing the Australian higher education system and its universities today from a governance perspective.

Chapter 7 contains my conceptual Model of governance for higher education. The Model brings together the analyses from the previous chapters covering the examination of the concept of governance, the discussion of systems and organisation theories, the historical development of universities and higher education systems and the examination of the external environment in which universities and higher education operate.

Chapter 8 analyses the empirical data obtained from a series of interview questions based on the analyses and discussion of governance, systems and the higher education environment in Chapters 2, 5 & 6. The details of the interviewees and the focus of the questions are set out in chapter 1.3.

Chapter 9, the final chapter, will reflect on the data, analyses and discussions contained in chapters 2, 5, 6 and 8, and propose options to address the governance challenges for the Australian higher education sector and universities.

2 GOVERNANCE

2.1 Introduction

Governance has attracted significant research interest since the 1980's as,

...it (governance) was attractive because it encompassed a broad set of factors that were increasingly important and insufficiently recognised in conventional thinking and because it encouraged a more integrated understanding of how these factors were, or should be, linked. (Kemp, Parto, & Gibson, 2005, p. 17)

The result of the increased interest in governance is that the research now sits in a theory rich socio-political domain. As alluded to in the Overview(chpt.1.1), a significant reason for the rise of interest in and public debate on public sector governance was the emergence of the concept of New Public Management ("NPM") - a paradigm shift in the approach to public administration (Hood, 1991). NPM played a significant role in adjusting the governance arrangements and approach of public institutions and government entities (including higher education institutions) towards a more market-oriented approach. NPM is a market-based approach to public administration and in much of the higher education literature (Goedegebuure & Hayden, 2007; Lewis, 2013; Meek & Davies, 2009; Shattock, 2013) it is considered as the initiative that commenced the public policy drive to move higher education systems and universities towards the market oriented end of Clark's (1983) triangle of coordination.

This shift has been contemporaneous with the emergence of several trends impacting public administration generally, such as globalisation, the ubiquitous development of information and communication technology (ICT), international collaboration and outsourcing of public spending. The impact of these and other trends on higher education is discussed in more detail in Chapter 5.

In the introduction to "Governance in Modern Society: Effects, Change and Formation of Government Institutions" (Heffen, Kickert, & Thomassen, 2000), the authors note the transformational roles of ICT and globalisation on societies and jurisdictions. They observe that

Governmental authority and the capacity of public administration systems to steer society are limited by the growing dependence of governmental actors

on economic and societal actors. This shift of balance has severe consequences for government institutions, decision making, implementation, management and organization (p. 5).

Coupled with this development were several high-profile institutional failures (such as the HIH Insurance Company in Australia and ENRON in the USA), which increased government and public interest in improving governance generally.

What has emerged is that public management, policy development and implementation has moved into a process involving many players and many levels. Heffen et al (ibid) and others describe this approach as resulting in multi-actor and multi-level governance. In addition, the influence of the push/pull of the market-oriented approach is seen in public administration via the use of incentives and performance indicators (ibid, p.6). Neave (1998) describes this as the “rise of the evaluative state”.

Kemp, Parto and Gibson (2005) note that over the past decades “authoritative control of social relations has been increasingly exercised through quasi- and non-government entities rather than just formal governments and government institutions” (p. 18). This public policy shift from government to governance is a change that provides opportunities for increasing roles in governance of citizens and other stakeholders. In Australia, the change in approach can be seen in the governance of public funded programs through non-government entities, such as in the delivery of health services. A key element in the funding agreements for these bodies relates to specific requirements as to governance - particularly stakeholder engagement and, in health, clinical governance. These governance requirements are now part of the contractual arrangements. However, the government remains a powerful governance actor with a continuing major role in societal activities like higher education, health and law.

Public sector governance research reveals that the traditional bureaucratic foundations of public sector structures have been put under pressure by NPM, global trends and other conceptual challenges such as the emergence of the networked economy and society, and the emergence of entrepreneurial spirit in the modern workplace (Bang & Esmark, 2013; Hood, 1991). In addition, the public-sector organisation form is under increasing scrutiny. The research is indicating quite strongly that the traditional assumptions about public sector organisations and operations, such as hierarchical structures and functional specialisation, are no longer apt, and that bureaucracy is an insufficient and “sub-optimal” form of

governance in a globalised and networked environment (Bang & Esmark, 2013, p. 12).

Governance research is essentially situated within the framework of state, market and networks (ibid), with many permutations of these three elements disclosed in the research (ibid). In this Chapter I will examine governance of higher education systems and institutions and the principles and arrangements that apply. A detailed conceptual discussion about systems and institutions is contained in Chapter 3.

The next section will set the stage with a general review of governance: its definition, the key players and the typologies of governance; and then a look at some principles for designing governance arrangements.

2.2 What is governance?

2.2.1 Definition

There are many definitions of governance. The Institute of Governance (Canada) states that “Governance determines who has power, who makes decisions, how other players make their voice heard and how account is rendered.” (Source: <https://iog.ca/what-is-governance/> (Accessed 6 April 2018))

Graham, Amos & Plumptre (2003) define governance as “a process” facilitating decision making, engagement and accountability and also note that studies on governance focus on the framework “upon which that process rests”(p.1).

Huisman (2009), sees governance as evidence of “the relationship between state and society and – more specifically – whether, and if so how, the state (government) should steer, plan, regulate and control societal actors (and individuals)” (p. 2).

Marginson and Considine (2000) define higher education governance as being:

...concerned with the determination of value inside universities, their systems of decision-making and resource allocation, their mission and purposes, the patterns of authority and hierarchy, and the relationship of universities as institutions to the different academic worlds within and the worlds of government, business and community without. It embraces “leadership”, “management” and “strategy” (pp: 7-8).

However, although the above are conceptually rich, the following definition from Gallagher (2001) provides a more succinct statement of what governance is and what it is meant to achieve. Gallagher states:

Governance is the structure of relationships that bring about organisational coherence, authorise policies, plans and decisions, and account for their probity, responsiveness and cost-effectiveness. (p. 49)

Thus, governance is about relationships, authority, accountability, feedback mechanisms, efficiency and effectiveness. Although many definitions specifically focus on the governance of organisations, they are equally applicable to the governance of systems (Austin & Jones, 2015).

2.2.2 Actors, agents and stakeholders

The governance literature talks about those who are and should be involved in system and institutional governance. The range of possible participants reflects their relationship to the system and the organisation(s) to be governed. Three common terms used to define that relationship are actors, agent and stakeholder. These participants are internal and external to the system or organisation governed.

1. **Actors:** The term 'actors' as used in the governance literature, applies to persons and bodies who are directly involved in governance. Actors come under three broad headings - the state, the market and civil society. Governance thus involves engaging the actors in a variety of ways and managing those interactions to achieve an agreed set of outcomes. In Clark's conceptualization of higher education systems, his "Triangle of Coordination" (Clark, 1983), the three main actors in the higher education system are the state, the market and the academic oligarchy. How their roles and influences affect governance is dependent upon the tools used and the level of dependency of the actors to each other. A more detailed discussion of Clark's conceptualisation is contained in Chapter 3.
2. **Agent:** An agent refers to an individual or organisation that is in a principal-agent relationship with another person, organisation or entity. The agent being the individual empowered by the principal to act on behalf and represent the principal. Problems arise where the interests of the principal and agent are not aligned or are in conflict, and governors need to provide solutions to mitigate such problems and conflicts. In universities, the principal-agent relationship is seen in the University Council (the principal) - Vice Chancellor (the agent) relationship.
3. **Stakeholder:** A stakeholder refers to an individual, group, or

organisation that has a direct or indirect interest or stake in a system or organisation. At the higher education system level, the stakeholder group includes:

- Commonwealth and State Government departments, agencies and regulators; public and private universities; other accredited higher education providers; current and future students; industry; professions; academic discipline groups; industrial and union groups; groups representing universities (for example, the Group of Eight; Universities Australia etc); current staff; accreditation agencies (local and international).

At the university or institutional level:

- University members (staff, students, alumni); Commonwealth and State Government departments, agencies and regulators; future students; industry and the professions; academic discipline groups; industrial groups; accreditation agencies (local and international); research institutes;

Rhodes (1997) noted that “no single actor, public or private, has the sufficient knowledge to dominate ultimately a governing model”. Frost, Hattke and Reihlen (2016) note “(t)he concept of governance defines practices that frame how managers coordinate and control agents and how influencers reconcile and prioritize competing claims of organizational stakeholders” (p.2).

2.2.3 Typologies of governance

The literature discusses the practice of governance as falling into three typologies: corporate, public and network.

2.2.3.1 Corporate and public governance

Corporate governance and public governance are the two main governance typologies discussed in the literature. Corporate governance covers the commercial world of companies and not for profit institutions, and public-sector governance the world of government-run enterprises and the operations of government itself. Public sector governance also relates to organisations that appear to sit astride the two sectors; public universities in Australia and elsewhere are an example.

There are many similarities between the two domains and the principles that apply, but the contextual differences are significant. Some of the main contextual differences are that the public sector serves different interest groups (e.g.

stakeholders rather than shareholders), has different organisation structures, less independence and are subject to more public and regulatory scrutiny (Armstrong, Jia, & Totikidis, 2005).

Corporate governance concepts apply to companies operating in both the private and public sectors. In the private sector, it refers to how the investors in corporations ensure they receive a return on their investment (Shleifer & Vishny, 1997). More specifically, the role of corporate governance is to protect shareholders through setting a strategic direction for a company and by appointing and monitoring managers capable enough to do so (Turlea, Mocanu, & Radu, 2010).

Incorporating corporate governance systems into organisations is complex, as governance concepts are open to interpretation. Turlea et al (ibid) review of the research shows this variety in the governance approaches as exhibiting “narrow and broad views, external and internal perspectives, unitary and balancing perspectives, finance, managerial and compliance approaches... perspectives of agency theory and stakeholder theory” (p. 34). Indeed, Dey (2008) argues that an optimal corporate governance framework applicable to all organisations is not possible because the suitability and success of governance systems largely depends on the environment in which the organisation operates. Therefore, what may work for one firm, may not work for another, despite how similarly they may be structured. Similarly, what works for a private enterprise will not necessarily work for a public sector-based organisation.

Corporate governance practices include internal and external governance mechanisms (Turlea et al., 2010). Internal mechanisms for influencing behaviour include incentives (such as executive compensation), auditing, the composition of the board of directors and the ownership structure. External mechanisms include government regulation and monitoring by institutional investors (Weir, Laing, & McKnight, 2002).

The board of directors has been described as the apex of the internal control system (Jensen & Meckling, 1976) and is considered to be the “best continuous [and] cost effective monitoring device” (Impavido & Hess, 2003, p. 5) available to organisations. As the main link between principals and agents, the board’s primary goal is to ensure that managers (the agents) act in the shareholders’ best interests. Since the board is such a key internal mechanism, board practices are likely to impact on its “ability to address agency problems” (ibid).

Not for Profit (NFP) organisations have similar organisational (corporate) structures, but the difference between them and “for profit” organisations mainly relates to their purpose and mission, and to whom they are accountable. Usually NFPs have a more diverse range of stakeholders (compared to shareholders) who are attracted to the mission of the NFP. In Australia, public universities are part of the NFP sector.

In the Australian context, public sector governance confronts a range of similar issues. Public sector officials act as agents to serve the public interest (Armstrong et al, 2005); government enterprises and the appointments to their governing bodies are generally subject to Ministerial control, and scrutiny by the various state or commonwealth Auditors- General - sometimes both. Table 2.1 sets out some of the key differences between corporate and public sector governance.

Table 2.1 Corporate and Public Sector governance – key differences

	CORPORATE	PUBLIC- SECTOR
Ownership	Shareholders	Government
Governing body	Appointed by shareholders	Usually appointed by relevant Minister
Accountability	Shareholders	Minister, Auditors'-General and others
Objectives/Mission	Maximise return on investment for shareholders	Serve the public interest

2.2.3.2 Network governance

Network governance is a third typology that reflects a different approach to public governance. Bang & Esmark (2013.) identified network governance as a solution to the coordination challenge of NPM. The theory and practice of network governance is,

...the creation, utilization and management of networks in public governance.

Network governance takes the notion of wicked policy problems and the need for coordination in and across functional domains and levels as their starting point, arriving at network organization as the optimal form of organization to meet this challenge (p.13).

At page 14 they identify the benefits of “the network paradigm” as “an essential part of *good governance*.” The benefits are:

...increased public-private co-operation, partnerships, stakeholder

involvement and public innovation. ...they form the organizational bedrock for the involvement of experts, representatives of organizations and businesses as well as citizens are the solution to the challenge of inter-departmental coordination on and across levels of governance. Finally, networks can be seen as a purely intra-organizational addition to the formal offices of the bureau in terms of project organization, teams and groups. (ibid)

As will be discussed in Chapter 2.8.1, network governance has helped enhance the development and role of intermediating organisations in the governance of public systems such as health and higher education.

The growth of networks is driven by the explosive growth in ICT, especially internet enabled technologies, and by society and institutions adapting to a highly interconnected world. Bang & Esmark (ibid) observe that “the generation and accumulation of wealth, power, and knowledge are growing increasingly dependent on the ability of actors and institutions to perform communicatively and effectively in the emerging network society by reaping the benefits of the new technology paradigm” (p.20).

In looking at the Australian politico-economic landscape over the past thirty years, both state and national, it is easy to see the emergence of the importance of network paradigm in development and implementation of policy across a broad range of activities such as energy, health, and infrastructure. The emergence of public–private partnerships exemplifies the impact of networks in favour of the traditional bureaucratic structure of public service activity and delivery.

2.2.4 Concluding remarks

Governance is about creating organisational frameworks and relationships to facilitate and authorise decision making, identify who makes decisions and who should be involved. Governance arrangements are contextual. The participants in governance play different roles as actors, stakeholders or agents, although individuals may be a combination of these roles. It was noted that governance frameworks aim to assure accountability, efficiency and effectiveness for decisions. There are three typologies of governance (public sector, corporate and network) and there is an interaction between the three typologies in the practice of governance, but it is noted that network governance is emerging as a significant element in public-sector governance arrangements. The governance of public sector organisations can be an amalgam of approaches from the corporate, public sector and network typologies revealing that governance today is complex. Given

that complexity, what should the governance arrangements/frameworks look like? Are there principles available to assist in the design of governance frameworks? These questions are examined in Section 2.3

2.3 Governance design

The importance of good design of the governance arrangements and alignment of governance instruments and actions is self-explanatory as a principle of development of any form of policy, project or action. Instruments and actions are part of the arsenal of governance tools and the type and use are determined by the goods or services to be produced or delivered (Thynne, 2016). These tools are applied in a myriad of combinations and dependent upon a range of environmental factors. The challenge is the efficacy and efficiency of those activities / tools / instruments in achieving the desired outcomes of products, services or behaviours. Addressing this challenge is assisted by good design of the governance frameworks. As we have seen with the emergence of the networked society, the societal concepts of state, market and civil society are strongly interconnected. Thynne (ibid) observes:

All combinations, along with instruments and action, are shaped by how states conceive their roles and develop the necessary response capacities...The type of regime, history, culture, political forces, socio-economic circumstances, and numerous other factors coalesce in differing ways to create the contexts, arenas and tapestry of governance. (p.62)

Higher education and universities sit across the three typologies of governance. They are networked systems and organisations (local, national and global) operating within a public sector environment with corporate structures and governance responsibilities.

Milward (2016) discusses certain design principles that would support governance in the networked world of public administration, where service providers are partners or contractors with the state. His design principles are:

- a. providers need to be “integrated effectively into the service delivery systems to which they are contributing”;
- b. funded and regulated directly by the relevant government agency;
- c. form a stable network;
- d. share with their employees;
- e. funded “commensurate with the scale of the problems they are addressing.” (p.5)

Adopting these principles in the design process is “likely to address quite positively several of the capacity, performance and control issues considered” (ibid). These principles have application to higher education. At the university / institutional level there is guidance in the designing/re-designing of the university’s governance for the knowledge economy/society from Gilbert (2000):

A university needs sufficient autonomy to discharge its long term educational and scholarly responsibilities effectively; to determine its own curricula; to set its own standards of admission, assessment and progression; and to determine who should and should not receive its awards. It needs to nurture and uphold, on behalf of all its staff and students, the intellectual freedom to be able, without fear or favour, to advance unconventional critiques of established social, political or scientific paradigms. It needs to respect and preserve scholarship and learning for their own intrinsic value, and to provide scholars and researchers with an environment where free inquiry may thrive, independently of outcome or application. (p.36)

2.4 Summary

The foregoing has laid out the broad conceptual basis of governance. A definition of governance (refer Chapter 2.2.1) has been provided and is adopted in this Thesis. The examination identified those with a stake in higher education governance are defined by the terms actors, agents and stakeholders. Actors may play several roles in governance.

Also discussed were the three main typologies of governance – corporate, public and network. Network governance has rapidly developed within the public-sector as governments have implemented a more market-oriented approach to the delivery of public services (like higher education) and driven by the rapid development of networks driven by ICT and internet applications. Also discussed was the requirement of good design of the governance arrangements as necessary to get the most effective outcome from the various governance instruments and actions.

With the concepts identified and examined the following section will examine a key principle for the practice of governance that is commonly described as “good governance”.

2.5 What is ‘good governance’

‘Good governance’ is a principle from which much is expected. The notion of good governance is not a “scientific theory of governance” (Bang & Esmark, 2013., p. 1)

but refers to “an empirically observable politico-administrative way of making public policy-making, reforming and organizing” (p. 2). It is described as a set of guidelines in which is embedded political positioning, policy issues and notions of public sector organisational reform (ibid). Poor governance isn’t just associated with corporate malfeasance.

“Poor” governance, or governance failures, is a term used to explain reasons for systemic corporate malfeasance. It is arguable that it may not necessarily be as much a governance issue as a human failure issue (agents putting self-interest above corporate interests) where greed and information deception has blind-sided boards with catastrophic failure of the organisation as a result. In Australia, the failure of the HIH Insurance Company is one of several recent examples of this type of governance failure. Governance failures have created a much deeper and forensic focus on how organisations are governed. The various efforts at defining and describing governance and “good governance” mirror this focus.

The Australian Institute of Company Directors (“AICD”) guidelines for not-for-profits provide some direction. Their guidelines identify the benefits of good governance as:

- Better organisational strategies and plans.
- Improved operational effectiveness.
- More prudent regulatory compliance, financial and risk management.
- Improved member and stakeholder engagement and communication flow.
- Increased likelihood and degree to which an organisation actually delivers on its purpose. (Australian Institute of Company Directors, 2013).

Similar guidance comes from the Auditor Office of New South Wales’ “Governance Lighthouse” Guide (Audit Office of New South Wales, 2015)

Good governance sets a clear direction, a way to get there and tracks progress. It provides independent assurance that management is achieving this direction in an ethical and legal way. Risks and opportunities are recognised and addressed. The rights of stakeholders including the public are respected with open and transparent information on organisational activities and performance. And importantly, the organisation and its leaders embrace a governance culture that focuses on achievement, accountability and ethical behaviour. (p.2)

Bang & Esmark (2013) see good governance as a broader “strategy of mobilization” of the organisation that “involves, on the one hand, a call for flexible integration of various forms of knowledge, expertise and resources to tackle complex or “wicked” policy problems and provide sufficient innovation and ownership of solutions, and, on the other hand, an appropriation of democratic vocabulary in terms of inclusion, accountability and participation.” (p.4)

Using different language but with a similar purpose, Campbell and Carayannis (2016) proffer the idea of “epistemic governance” as a basis for good governance, in that:

good, sustainable and effective (external and/or internal) governance of organizations, institutions or systems (sectors) is in the long run only possible, when the underlying epistemic structure, the underlying epistemic base or the underlying epistemic paradigms are indicated. (p.2)

Thus, good governance is both a structural concept where the elements that create a good governance structure need to be in place, and is observed through the actions, processes and outcomes. However, what defines “good governance” may be contestable due to the contextual nature in which governance operates and the views of the various stakeholders as to their role (or not) in governance processes.

To help address this contextual assessment, many countries have developed principles that provide some common ground as to what constitutes “good governance”. These principles establish the attributes of good governance. The three most well-known and adopted are: The United Kingdom’s Nolan “Principles of Public Life” (1995), the United Nations Development Program Governance Principles (1997) and the European Commission Principles (2008) .

The table below provides a snapshot of the key elements of these principles.

Table 2.2: Overview of principles of Good Governance

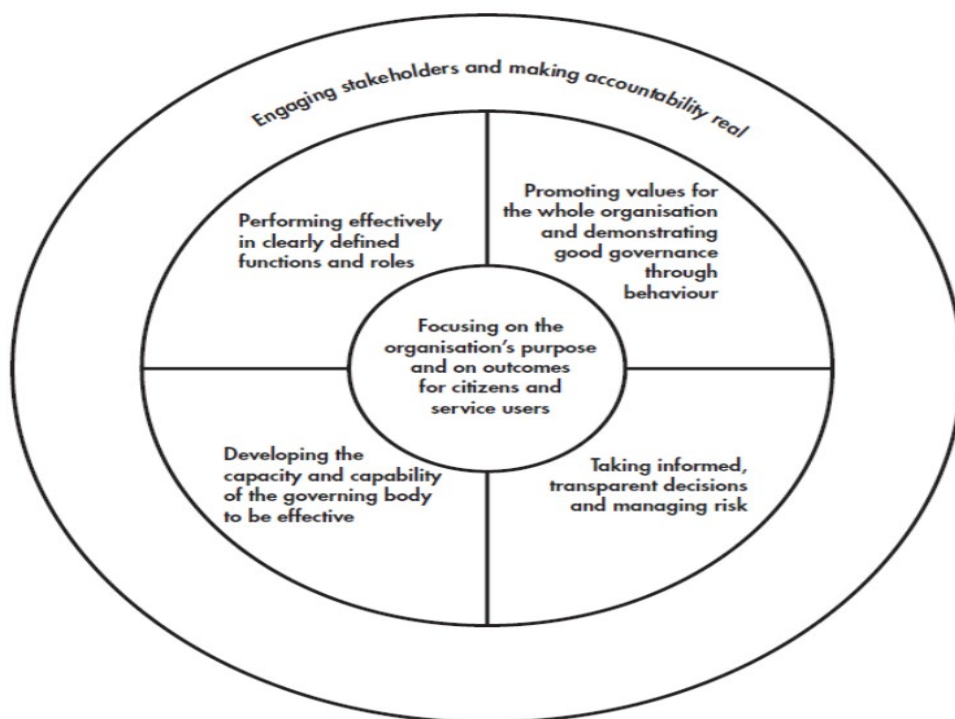
United Nations Development Program	European Commission	Lord Nolan’s Seven Principles of Public Life
1. Legitimacy and Voice	Participation	Selflessness
2. Direction	Coherence	Integrity
3. Performance	Effectiveness	Objectivity
4. Accountability	Accountability	Accountability
5. Fairness	Openness	Openness

		Honesty
		Leadership

(Source: Course Notes 2016: Master of Tertiary Education Management L H Martin Institute)

In the UK, the Nolan Principles have been taken further by the Independent Commission on Good Governance in Public Services (known as the Langland's Committee) which formulated the Good Governance Standard in 2005 (illustrated in Figure 2.1) (Office for Public Management, 2005).

Figure 2.1: The Langlands Standard: Six Principles of Good Governance



Importantly, creating a culture of good governance within the organisation is critical for achieving effective good governance. This values approach is imbued in the Langland's Standards.

It is noted, in comparing Nolan and Langland's principles, they target different elements: the Nolan principles are values focused and Langlands' are outcomes focused (Goedegebuure & Barry, 2018). The Langlands Standards clearly link good and effective governance by putting the purpose and value proposition at the heart of good governance. This is equally evident in the Good Practice Guide on Governance developed by the government of Victoria in Australia: "(Good

governance) enables entities to perform efficiently and effectively, and to respond strategically to changing demands.” (Source: <http://vpssc.vic.gov.au/governance/>)

Concern has been expressed that these good governance principles lack coherence, albeit that they are general in nature and their application is dependent upon the organisation’s reason for being – its purpose. Looking at the principles and their applicability to higher education one needs to account for the presence in universities of multiple purposes and multiple missions.

Good governance is about putting in place the culture, values, structures, policies and processes that enables engagement, empowerment, delivery on purpose and the management of risks. Therefore, engaging and empowering the right agents (individuals, units, industries etc.) will enable those empowered to innovate and experiment to drive the organisation to the next level and/or address broader sector and societal issues. Good governance arrangements will provide the defence against loss of control and accountability – a delicate balancing effort. Carnegie and Tuck (2010) note that such a governance structure should reflect an “integrated whole of organisation approach” (p.432) to minimise silos and “ensure the integrity of mission” (p. 439).

2.6 Higher education governance

2.6.1 Introduction

The building blocks of higher education are knowledge creation, production and dissemination. Campbell and Carayannis (2016) state that higher education systems (and universities) “rely, operate and behave on the basis of an underlying epistemic structure” and that structure is founded upon “the conceptual understanding of knowledge production (research) and knowledge application (innovation) in the higher education system (universities) or the economy (firms)” (p.2).

The following examination of governance of higher education governance is separated into two interlinked domains: institutional governance or governance *in* universities; and system governance or the governance *of* universities. Such a level of analysis has been used by Clark (1983), Meek & Davies (2009) and others using terms such as “superstructure” (system level) to describe “the vast array of government and other system regulatory mechanisms that relate organizations to one another” (Reed, Meek, & Jones, 2002, p. xxvi) and “middle structure” which applies to the organisation/institutional level.

Higher education is part of the government's social, economic and industry policy agenda and as such has been impacted by the changes to public sector governance and policy approaches (Lewis, 2016; Middlehurst, 2013; Shattock, 2013). As noted earlier in this chapter (Section 2.1), the literature on the changes to public sector governance have found their way into the research into higher education governance, with NPM initiating an important public sector governance paradigm shift. This paradigm shift has been described as the rise of managerialism. (See for example: Lapworth, 2004 and Shattock, 2013)

The research into governance of higher education contains a strong focus on the role and influence of the academe or the loss or diminution thereof, (Lapworth, 2004; Shattock, 2002; Winter & Sarros, 2002), rather than about the appropriateness of the current approach to governance per se. Although some researchers like Middlehurst (2013) noted that the external drivers of change had, over the decades, sent consistent "political and policy messages" (p.276) that questioned the fitness for purpose of existing governance, leadership and management structures (ibid), the issue of "fitness for purpose" has received little detailed analysis.

The focus on engaging or re-engaging academe as a stakeholder appears to have narrowed and distorted the debate on higher education governance. The strong historical connection of the role of academe in university governance is represented in the literature and, in much of the literature, is the position from which the research and analysis is founded. This focus, according to many researchers and commentators, emerged with NPM, globalisation and the impact of ICT. See for example: Sharrock (2007), Meek et al (2009), Sheehy (2010), Shattock (2013), Lewis (2015), and Marginson (2016).

Stoker (1998) has described the academic literature on governance as "eclectic and disjointed", whereas the vast array of literature and reports in the professional and political domains over the past decades that have reviewed failures of governance in public and corporate institutions, have taken a more general principles based approach to the practice of governance. The eclectic and disjointed nature of the academic literature may indicate that the concept of governance within higher education is reflective of a series of unresolved conflicts between, and within, management and academe, centred on the values and the purpose of higher education and concerns about loss of influence and trust by academics in the university decision-making process. For example, Marginson & Considine (2000), Gallagher (2001), Shattock (2013) and others have reviewed

the issues from the perspective that the reduction of influence of and/or engagement with the academic in governance is evidence of a more managerialist approach to university governance and a management approach to limit engagement with academic staff.

Others such as Frost et al (2016) note that much of the governance literature in relation to higher education concerns the governance *of* universities (that is, a more super-structure approach) but that there is only a small amount of research into the governance *in* universities (a middle-structure or institutional approach).

Frost et al (ibid) studied governance through a multi-level lens and developed a “contemporary template of governance logics”. They noted that the practices of governance are enabled and constrained by governance structures and systems. In considering the conceptual framework of governance they note that “Governance is concerned with the definition and implementation of strategies and structures for achieving organizational goals” (p. 2).

The Frost et al (2016) template is reproduced below. It has a number of similarities to Meek & Davies (2009) review of governance that employs a multi-level approach and to Clark’s (1983) work using the tiers of understructure, middle structure and superstructure when analysing the organisation of higher education systems.

Table 2.3 Frost template of governance logics

		GOAL SYSTEM	
	STAKEHOLDER	WITHIN-DEFINED GOALS SYSTEM	OUTSIDE-DEFINED GOAL SYSTEM
STAKEHOLDER	HOMOGENOUS	University as self-governing scientific community Peer governance	University as instrument for political goals (Ministerial) NPM governance
	DIVERSE	University as representative democracy Committee-based (group) governance	University as market-oriented service provider Market governance

The key elements of governance - engagement, accountability, control and power- are intertwined as key issues in the research.

Frost et al (ibid) note that the consequence of a focus on the “governance logic of market orientation” requires universities to become “more autonomous actors with

a stronger leadership, capable of developing and implementing strategies that help them to gain a competitive advantage in the higher education field in response to changing market and social needs” (p. 5). The push-pull influences of a more market-oriented approach by universities and the higher education system generally, is highlighted in the research as a key reason that academic staff believe that they have been disempowered and their traditional key governance role mitigated. (Middlehurst, 2013; Pick, 2008; Rowlands, 2012; Shattock, 2002)

Frost et al (2016) conclude that in relation to higher education governance that “Governance should ensure...a strategic approach to environmental uncertainties and ambiguities” internal coordination and collaboration and “a goal-oriented management of behavior of the actors involved” (p.5).

2.6.2 Shared governance

Shared governance has been a “key historical characteristic of higher education” (Stensaker & Vabo, 2013) and there is extensive research and commentary on it in the higher education governance research literature.

2.6.2.1 Definition

Shared governance appears to have no standard definition. Trakman (2008) describes it as “based on the representational notion that universities ought to be run collegially by those with a stake in it” (p. 71). As we have already seen, the broader term “governance” has a range of preferred definitions based around concepts such as structures, legal relationships, authority, rights, responsibilities and decision-making. (Kezar, 2007; Speck, 2011). Shared governance is more a term of art rather than a different form of governance. It is part of the philosophy that underpins good governance (Carnegie & Tuck, 2010) and is an example of United Nations Governance Standard 1: Legitimacy and Voice.

In a recent conference presentation to the 2017 Academic Chairpersons Conference by Stephen Bahls (Bahls, 2017), four views as to the meaning of shared governance were discussed:

- Equal rights to governance
- Consultation
- Rules of engagement
- Shared responsibility

Bahls’ view is a way of defining the “Legitimacy and Voice” UN standard.

Shared governance was originally focussed on ensuring that academics have and should continue to play a significant role in the total range of institutional decision making of universities (Lapworth, 2004; Stensaker & Vabo, 2013). Sporn (1999) strongly supported the idea of shared governance, but in looking at how to best position universities to adapt to their changing environment, defined shared governance as “the democratic participation of interest groups” (p.270). Thus, good governance is about engaging all key stakeholders in decision-making and this plays an important role in the successful adaptation of universities.

Academics are a key stakeholder, but not to the exclusion of others, as some of the discussion about shared governance seems to imply. Lapworth (2004) noted that there has been a form of idealism in looking back at times when the academe was strong in the governance of universities. Lapworth notes that the history of academic self-governance “is itself riven with a series of tensions; these tensions – between those with and those without the power signified by Senate membership, for example – must also be addressed when seeking to define academic participation in governance in contemporary institutions” (p.300). Shared governance can be a narrow concept, but as indicated earlier, it fits neatly under the first standard of the UN Standards of good governance. Carnegie & Tuck (2010) note, with concern, that shared governance is only part of the answer to gaining an integrated governance structure. They observe that “...shared governance is concerned with agreeing to a basis for sharing governance, which may be narrow in scope, between different groups of individuals within an institution” (p.434).

Bahls’ (2017) identified some of the key challenges and barriers to effective shared governance affecting management and staff within universities. These challenges and barriers include the different definitions of shared governance by the different constituencies and different perceptions of what shared governance is. Other factors such as culture, tradition and the changing physical landscape of the campus have been similarly identified as limiting factors (for example: Marginson & Considine, 2000; Middlehurst, 2013; Shattock, 2002 and Stensaker & Vabo,2013). Changes to university governance is being informed and driven by “the continuing political drive for further reforms by governments” (Stensaker & Vabo, 2013, p.257) common across all western jurisdictions.

Stensaker et al (ibid) postulated four models of shared governance for universities. Their models were developed as alternative frameworks to facilitate effective and efficient governance whilst incorporating those traditions and values that help

create the required sense of legitimacy for all staff in the organisational strategic development and decision-making processes. Their framework is reproduced below:

Table 2.4 Stensaker Framework for Shared Governance

A framework for analysing the role of shared governance in strategic change processes		
	Actors involved in institutional decision-making	
Ways in which decisions are reached	Internal stakeholders	External stakeholders
Formal	Representative democracy model	Corporate enterprise
Informal	Collegial model	Entrepreneurial model

(Source: Stensaker et al, 2013, page 264)

The research literature notes the emerging democratisation of governance in universities since the early 1960's, coincidentally in conjunction with the transition of universities from elite collections of academics to mass producers and transmitters of knowledge and education. This transition has, as Stensaker et al (ibid) note, seen the growth of external representatives in the various governance bodies within institutions. Stensaker et al (ibid) also note "...that the perceptions of what shared governance means are being re-interpreted both regarding the processes relating to decision-making and the types of actors involved" (p.260).

The actors involved in various governance bodies include students, academic, professional and technical staff, broader community representatives, alumni and government. Within Australia, most legislation establishing universities requires governing councils to have a mix of internal and external members.

The limitations of shared governance rest on the assumed historically dominant role of academics and include perceptions as to their unsuitability for taking tough decisions and slowness of decision making in the more dynamic higher education environment (ibid). Taylor (2013), in his proposed shared governance approach, adopts a position that only considers shared governance as an issue of concern for the academic community of universities (p 88), ignoring all other employees as a stakeholder group with equal claims to legitimacy and voice. However, more recently Carnegie et al (2010), note that true shared governance ensures all stakeholders have a voice in governance and that their voices are part of an integrated governance structure designed to facilitate "organisational cohesion and partnerships" (p. 434). It is interesting to note the views expressed about shared

governance in the Australian context by Lacy, Croucher, Brett and Muelle (2017) which is a report on the findings following an extensive survey of higher education leaders including government leaders. At page 3, they noted: “Shared governance was considered the most important by academic organization leaders and the least important by government respondents.”

Shared governance requires engagement of those who want to share. The issue that emerges from the conceptualisation of shared governance as a relationship between the Council and the academe overlooks the significant presence of the professional/technical staff and their roles and responsibilities in supporting the delivery of the university’s objectives. Much of the logic that the research applies to the rationale for strengthening academic involvement in institutional governance applies equally to engaging all staff in governance.

Lapworth (2004) discusses this issue and proposes that a good “shared governance” model balances collegiality and corporatism “through the inclusion of department and faculty boards in institutional decision-making” (p.311).

Lapworth’s model is only part of the solution to the shared governance challenge but still reflects a limited view as to who are the stakeholders to be engaged.

Carnegie & Tuck (2010) summarise the challenge:

Effective governance in public universities can be seen as a method of reaching agreement on valid objectives and orientations ... (fitness of purpose) and of developing strategies and instruments to implement them in practice (fitness for purpose). (p.432).

2.7 Institutional governance - governance *in* universities

Institutional governance arrangements are under constant challenge from the changes to the external environment. Harding & Harrison’s (2015) observations provide a good summary noting that universities “all wrestle with a set of common challenges: to remain true to the idea of a university, to integrate collegiality and managerialism with harmony, and to develop a business enterprise focus in order to secure their future in a globally competitive market” (p. 25). Carnegie & Tuck (2010) and Lacy et al (2017) raise similar concerns.

These challenges have evoked much commentary, research and government reviews into university governance. One such review, the “Review of University Governance” (Department of Education and Training, 2002) by the Department of Education and Training in the State of Victoria (Australia) observed that governance is “personal” to the university...as shaping their identity, and the long

historical development of that identity, explains the controversy surrounding the expansion of commercial values and changes to the roles of various bodies within the university” (p.14). The Review noted that: “Governance is where the identity of each university as a distinctive social and cultural institution is shaped, within a “global” knowledge economy” (p.15). Similar thoughts were expressed by Gilbert (2000) noting that in developing new governance arrangements “the best and most precious of what the university has always stood for, is not lost in the brave new, essentially pragmatic world of education in a global knowledge economy” (p.36).

The Review’s recommendation on governance was to build protections and controls into the regulatory regime which established the university and further “establishes a stronger and more transparent system of corporate governance and accountability that advances universities’ objects but leaves universities the discretion of making their own decisions within that system of governance and accountability” (Department of Education and Training, 2002, p.15).

The Review intimated strongly that the significant changes in the funding of higher education would continue for some time and implied that such a change (i.e. the significant reduction in public funding) may orchestrate a review of the “fundamental nature, purposes and ownership of universities” (ibid).

Accompanying these environmental changes has been the change in the practice of governance. This change is reflected in the research, with a common theme being that traditional forms and modes of practice of governance that have been in place are being challenged, and a more corporate approach has emerged. This corporate approach is reflected in several ways:

- The requirement for a mix of business skills (legal, finance, marketing) on the University governing board
- Introduction of business-oriented concepts such as strategic planning; performance indicators (for the university and for its staff) and the introduction of risk management and quality assurance plans and actions;
- Creation of advisory boards for faculties/Schools/Departments to drive industry engagement and support curriculum review and development;
- Creation of executive roles with university wide responsibilities such as Chief Operating Officer, Chief Information Officer, Chief Financial Officer, and Director of Human Resources, working alongside a range of pseudo - academic executive positions such Pro Vice Chancellor and Deputy Vice Chancellor roles that have responsibility for a range of academic and

engagement functions.

- The implementation of a range of policies and controls (e.g. financial, and recruitment) which re-enforce the accountability demands of the modern university.

Frost et al (2016) note that “universities are highly complex knowledge-based organizations...their strategies, structures, and controls, needs to be responsive to a variety of pluralistic demands from both inside and outside the organization” (ibid, p. 9). Further, Middlehurst (2013) observes that “the boundaries between levels are blurred and ...power and authority between different actors in the system are in flux” (p. 276). It is in respect to university level governance that much of the research has been focussed on the changing role of the academe in the governance of the university, seen through the lens of disempowerment and/or disenfranchisement (Henkin, 1992; Rytmeister, 2009; Shattock, 2002; Watty, 2006). Middlehurst (2013, p. 3) observes that governance in universities is more the contest between the academe and management.

Shattock (2013) observes “the instability of the external environment...has encouraged a greater centralisation of decision-making leading to less governance and more management, ...a rise in “the executive” at the expense of the traditional components of university governance, ...and a growing tendency to push academic participation to the periphery” (p. 217). Taylor (2013) agrees, and these observations support the view that university governance should not be reduced to a “single governance logic” (Frost et al, 2016).

2.7.1 Institutional governance structures

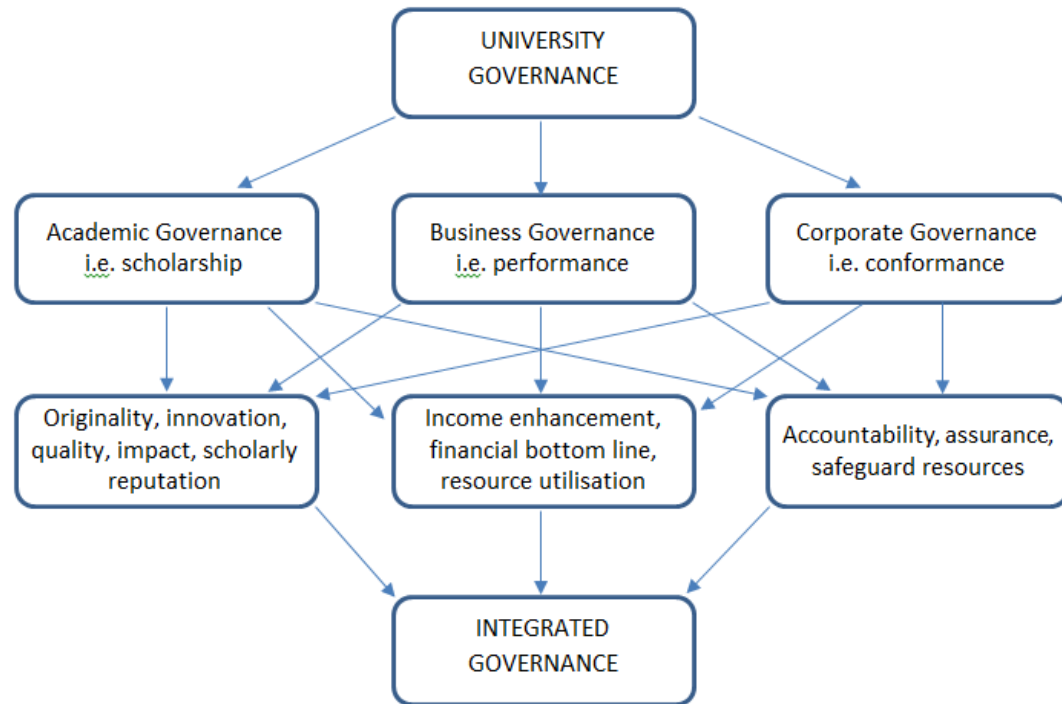
The university is a complex institution, as implied by Kerr (1963) when he coined the term “multiversity”: a term that acknowledges the multiple missions or purposes of universities, the inherent differences between academic disciplines and the complexity within and across institutions. The university is “a sub-system within the knowledge production system of modern society” (Benkler, 2008, p. 54). It has distinctive characteristics supporting what Benkler describes as a “distinct role” (ibid), with relationships that are partially removed from the direct pressures and enticements of the market (ibid). Similarly, Carnegie & Tuck (2010) propose that the governance of universities should be a “model to ensure broad scope governance” (p. 432) and not solely defined as “what university councils do” (ibid).

Trakman (2008, pp. 70-74) identifies five university board level governance types:

1. Faculty: this is university governance by academic staff
2. Corporate: “concentrates on the fiscal and managerial responsibility” of those involved with governance. Driven by demands to be more cost effective and efficient
3. Trustee governance:” it refers to the manner of governance, specifically governance through a “trust” relationship between a trustee board that acts in trust for, and on behalf of, trust beneficiaries” (p. 71).
4. Stakeholder: “occurs when governance is vested in a wide array of stakeholders including, among others, students, academic staff, alumni, corporate partners, government and the public at large” (p.72).
5. Amalgam models of governance: a combination of the other four. (p.73)

Carnegie et al (2010) provide a governance approach for universities that addresses the standards for good governance and satisfies the Australian Threshold Standards of the Higher Education Standards Framework (<http://www.teqsa.gov.au/teqsa-contextual-overview-hes-framework>). They identify three broad components that make up university governance: academic governance, business governance and corporate governance i.e. “scholarship, performance and conformance” (p. 432). The Carnegie model is reproduced below in Figure 2.2.

Figure 2.2 Carnegie governance model



The Carnegie model is a “mission-related integrated approach which focuses on the interdependence of scholarship, performance and conformance. This whole-of university approach to governance is intended to preserve the integrity of the organisational missions of public universities as social institutions. It should serve as a safeguard against the domination of narrow-scope commercial approaches to governance which may devalue or threaten scholarship, as broadly conceived, within our universities” (p.439). The Carnegie model is conceptually strong and provides the framework to address institutional governance standards such as Langland’s Six Principles (see figure 2.1). Both models reflect an integrated mission-based and outcomes focused governance approach, with common elements such as accountability and performing effectively.

The Carnegie model provides a basis for identifying the skill sets required of those governance bodies (boards, committees etc.) that carry out the governance role by its outcomes focus. That responsibility rests with the University Council as the supreme governing body of the university. Whatever the model adopted, it should “best suit the context” (Trakman, 2008, p.71) of the university and for each university there are different contexts.

The recent review of the Australian National University Act by Deloitte (2014) provides guidance for the development and modification of university legislation, plus an overarching approach to the purpose of the legislative change such that universities “will be better able to operate effectively if they have flexibility to

address changed circumstances”(p. 14), and suggest that “university legislation should ... encourage institutional diversity or, at the very least, not discourage it” (ibid).

Middlehurst (2013) argues that current university corporate governance and management models were “invented during the industrial revolution of the twentieth century for use in manufacturing businesses and are wholly inappropriate and inadequate to meet the challenges of the era of globalisation and the knowledge, communication and information revolutions that are now underway” (p. 291). Middlehurst notes that there are examples of “institutions that are seeking to update collegiality in ways that take advantage of developments in information and communications’ technology, new business processes, the professionalisation of both academic and support functions and the orientation of 21st century higher education institutions towards clients, customers and stakeholders through networks of relationships, partnerships and alliances” (p. 2).

2.7.2 Australia’s public universities

All public universities in Australia are created by state government legislation except for the Australian National University (ANU), which is the only university set up under an Act of the parliament of the Commonwealth of Australia.

The Australian regulatory environment in which universities operate is heavy and complex (Dow, 2013). The governance arrangements currently in place in Australia’s public universities are predominantly a bi-cameral system. The two primary governance bodies are firstly, the University Council (akin to a corporate Board of Directors), which by legislative fiat has responsibility and accountability over the affairs of the university. Secondly, the Academic Board (or Senate or similar), holds delegated authority from Council for academic governance i.e. to oversee the academic activities of the university. The university legislation in most states mandates the requirement to create an Academic Board. This “model” is like the UK model from which our form of university derived.

It is worth noting that the national Threshold Standards of the Higher Education Standards Framework (<http://www.teqsa.gov.au/teqsa-contextual-overview-hes-framework>) require a “clear and discernible separation between corporate and academic governance” and these standards need to be read in conjunction with the legislative framework to provide the total picture of the legislative and regulatory framework for universities.

2.7.2.1 Academic governance

Over the years there have been many reviews and much research on the size, purpose and challenges confronting academic boards. See for example: Rowlands (2012); Vilkinas and Peters (2014). The challenges of establishing effective and efficient academic governance is neatly portrayed in Rowlands (2016) more recent work referring to the results of recent Australian research of Academic Boards. She states “(t)his analysis suggests that in seeking to improve academic governance generally, and academic boards specifically, it is misguided to rely primarily on changes to the size, composition, documented role or roles, operating procedures and performance standards” (p.224).

Academic governance is a significant and critical part of a universities risk management strategy. In Australia, TEQSA, the institutional accrediting agency, requires that there be in place appropriate academic governance arrangements, policies and processes. This requirement is contained in the TEQSA Standard 6.3. The guidance notes to those standards state:

The overall intent of the Standards (as reflected in 6.3.1) is to establish a system of academic governance that will provide competent academic oversight and monitoring of all academic activities at the institutional level. This overarching arrangement encompasses but extends beyond local monitoring of an individual course or unit of study, e.g. by subject coordinators, up to the institutional level.(Tertiary Education Quality and Standards Agency (TEQSA), 2016)

In most Australian public universities academic governance is overseen by an Academic Board or its equivalent. This board forms a critical part of what is known as the bi-cameral academic governance structure of Australian universities. The primary function of the board is the custodian of academic standards within the university – a most critical element of being an academic institution. Australian university legislation generally contains clauses requiring that there be a body in place responsible for academic governance. In others, such prescription is missing and their model, policies and processes for academic governance is created by a Council statute or regulation. The Academic Board is usually a subcommittee of Council. Council usually sets the board’s powers or terms of reference. Over the past decades, Australian universities have changed the composition, terms of reference and size of their Academic Board to move them into a more modern governance paradigm. It is rare to find the traditional Academic Board still in place with only professors as members – akin to the Convocation of Oxford or Cambridge

universities. In some universities the Academic Board has senior and junior academic staff, professional and technical staff, as well as senior academic managers such as Deputy Vice Chancellors, Deans and Heads of School. From the interviews, the important role of the Academic Board and the need for it to be an effective and influential arbiter of academic standards and quality for the university was a common response. The practice of academic governance is not limited to the Academic Board. In most universities, academic governance is practiced at the academic unit level (Faculty/School and Department), with guidelines and decision-making structures in place to ensure that the quality of academic activity is monitored and that standards are complied with.

2.7.2.2 What is academic governance?

According to TEQSA:

Academic governance is the framework of policies, structures, relationships, systems and processes that collectively provide leadership to and oversight of a higher education provider's academic activities (teaching, learning and scholarship, and research and research training if applicable) at an institutional level. The collective oversight of the academic community is usually exercised through a single body (e.g. an academic board, with or without subcommittees) and/or a variety of other structures (e.g. faculty boards, teaching and learning committees or course advisory committees). (Tertiary Education Quality and Standards Agency (TEQSA), 2016)

Rowlands (2016) has undertaken extensive research in the setup of the academic governance mechanisms. She notes the primacy of the academic program and its strong link to reputation and prestige. She states that the "reputation of a university is at least partly dependent upon the quality of its academic programs and governments either directly or indirectly increasingly hold universities to account for this" (p.233). Rowlands makes the important point that "Academic governance is fundamental to the changing role of universities in an increasingly marketised and deregulated education sector" (p. xii).

Academic governance covers a broad range of academic oversight and assurance structures, policies and procedures. There is an interdependency between corporate and academic governance. TEQSA acknowledges this interdependence and the need for the links to be robust to "achieve coherency of governance overall and to meet the requirements of the Higher Education Standards Framework" (Tertiary Education Quality Standards Agency, 2016, p.1).

The efficacy of academic governance and the structures in place to implement it have been discussed extensively in the literature across many jurisdictions and higher education systems. Much of this discussion (for example Birnbaum, 1989; Marginson & Considine, 2000; Shattock, 2006 and Bok, 2012.) focusses on the power relationships, the roles of academic and professional staff and their relationship to academic governance and the changes to those relationships and roles. Traditional academic governance was solely the responsibility of academics and usually limited to the Professoriate. Peer review provided the foundation for assuring quality of the educational endeavour in universities and the performance of academics.

Rowlands (2016), in looking at opportunities to strengthen the role of Academic Boards and enhance the voice of the academic, states:

Academic boards serve as indicators of the changing roles of universities and therefore of the sometimes uncomfortable intersections between academia and management. However, it is this intersection that offers the greatest potential for transformation, for recognising and finding ways where university governance is enhanced because of academic voice and not in spite of it (p.221).

2.7.2.3 What does good academic governance look like?

Universities in Australia have been reviewing their academic governance arrangements over the past decades with several actions taken. For example, the model of academic governance developed by James Cook University (JCU) (see: <https://www.jcu.edu.au/governance/committees/academic-board>) brings together, in the academic context, a best practice governance approach. This begs the question of what best practice in academic governance means.

As in the JCU model, the starting point needs to be a clear “Terms of Reference”, setting out the purpose and role of the academic board. Rowland’s (ibid) suggests that “academic boards identify a primary role that is uniquely theirs, something for which they are well-qualified, but which is not replicated elsewhere” (p.226).

Later she adds: “Academic boards can and should play a key role in nurturing of “[t]he stimulated academic heartland” that underpins this work and in reminding university executives of why this, and therefore academic governance, is so important to university success” (ibid).

The TEQSA Guidance Note (Tertiary Education Quality and Standards Agency, 2016) on academic governance assists and provides the overarching framework for operationalising academic governance: The Guidance Note states:

The nature of academic governance presupposes that it will incorporate academic expertise and experience sufficient to provide leadership, judgement and scrutiny at the level of academic activity concerned. (p.1)

I agree with Rowlands (2016) that: “For academic boards to have meaningful input to university decisions their members require knowledge about university governance processes and practices, and how to engage them, but also about the university itself” (p230)

Finally, in looking at how to enhance academic governance within institutions I support Rowland’s view that “good academic governance requires substantial input from practising academics and that it is critical to university success” (p.225).

2.7.2.4 Challenges for academic governance

Academic governance is not immune from the various external challenges and tensions that face the system and universities and faces its own range of internal and external tensions and challenges. It may be that those tensions / challenges are playing out through what has already been described as the power / relationship changes to the role of the academic as the traditional stewards of the university and its academic activities. A good summary of the breadth and depth of the research on these matters is from Rowlands (2016). Rowlands notes:

Tensions therefore also exist between each university’s need to ensure and publicly assure the quality and standing of its teaching and research; and competing demands to ensure ongoing financial viability through agile, outward-looking and market-focused decision-making. (p.204)

In considering what has been driving the change in academic governance Rowlands (ibid) identifies four broad changes:

- The adoption of commercial and business practices
- Transition from academic to corporate and other forms of governance
- The ascendancy of leaders and managers
- Quality assurance as a mode of governance

The growth of program/course external accreditation has added an additional governance activity to institutions and, has an impact at the national level.

Professional associations accredit programs and courses that meet their academic requirements for recognition of the qualification as the basis for entry into their profession. The influence of these accreditations has been recognised at the national level, with a recent Memorandum of Understanding negotiated between the two peak bodies - Universities Australia and Professions Australia. This sets out guidelines for the conduct of professional accreditation activities involving the members of the two bodies. The TEQSA program accreditation Standards refer to professional accreditation as a relevant criterion in its approval processes.

Rowlands in her work compares academic boards to corporate boards. I argue that this is an inappropriate comparison as they have different roles in governance and carry out significantly different purposes. The more appropriate comparator for corporate boards is the university council, the supreme governing body of the university which, as noted earlier, is responsible for academic governance which it carries out via the academic board.

Within the literature, where the apparent demise of the academic voice in university governance is much criticised, there appears, in some cases, to be a misunderstanding of, or maybe a conflation of, the concepts of organisational (corporate) governance and academic governance. Academic governance as noted is part of the quality assurance and risk management strategy of the board/council. It is a place where the expertise of the academic can benefit the university, but this is different to hearing the voice of the academic in university corporate governance. In this context the voice of the academic is that of one of several stakeholders.

2.7.3 Moving the institutional governance culture into the 21st century

Baird (2006) cautioned that, “the increased adoption of narrow commercial approaches to governance in public universities runs the risk of creating institutions that are inhibited in achieving their broad social objectives” (p.432).

Achieving the broad objectives requires, inter alia, alignment of culture and values. Tensions will always exist in relation to these two key elements of organisational health. The responsibility for managing these two elements rests with the governing board i.e. leading from the top. Management is engaged to implement the strategy, values and culture of an organisation, supported and driven by the governing body. Good governance needs good management.

In its Best Practice Guide, the Australian National Audit Office (2014) stresses the importance of having strong leadership. It notes:

It is the positive interaction between the “hard” and “soft” elements of governance-the structural and people elements-that leads to improved performance. In this respect, strong leadership is a critical driver for success; it can ensure appropriate governance arrangements are in place and foster ownership of the entity’s goals and strategies by its staff. (p. i)

Thus, adopting the right governance structures and approach, defining the values and culture and engaging the right leadership to implement these criteria are the pre-requisites to having fit for purpose governance.

2.8 Governing higher education systems – the governance *of* universities

The emergence of higher education systems post world war II and the subsequent transition of higher education from the elite to the mass access environment has seen the development of larger, more expensive systems (Marginson, 2016). Political pressures on it may be expected to increase (Ferlie, Musselin, & Andresani, 2008). Within the knowledge-based economy, the connection between the “higher education subsystem and policy goals of economic growth become sharper” (p.328).

Knowledge as a marketable commodity brings with it governance challenges. With market orientation of higher education systems and institutions driven by government policies, Elinor Ostrom (a Nobel Laureate), cautioned that neither markets nor the rules of the state are the most effective means to govern and manage public goods (Ostrom, 2009).

Similarly, Meek’s (2000) views on the challenges in governing higher education support Ostrom’s observation. Meek observes:

The complexity of higher education systems presents major challenges for policy makers everywhere. Indeed, the substantially increased set of goals and related responsibilities have, not surprisingly, given rise to several critical areas of tension. Tensions have developed:

- between the requirements of excellence and of egalitarianism;
- between the structure and size of individual demand for higher education and of labour market requirements;
- between the aspirations and interests of the different groups involved in higher education; and
- between the aspirations and expectations of individuals and the prevailing socio-economic constraints in terms of availability of resources, academic

attitudes, institutional hierarchies, and established cultural and social value structures striving for self-perpetuation.

Attempts at understanding how best to reconcile such conflicts have been challenging tertiary education policy markets and institutional leaders for at least the last three decades. *Of course, there is no definitive resolution to the dilemmas faced by either tertiary education systems or institutions, for no single model of how best to organise tertiary education exists. The best that can be accomplished is to be informed by and engage in the ongoing debate regarding the most appropriate forms of management, planning and coordination at both the system and the individual institution level.*" (my italics) (p.7)

As demand for higher education increases in line with government policy settings, the changes to higher education become more apparent. Meek & Davies (2009) identify the impact of this change in "institutional diversification" and "the emergence of a new tertiary educational paradigm namely, the promotion of "learning by doing" and of individual creativity; the widening of access, through both face-to-face and open learning; and engagement with regional and local priorities" (pp. 13-14).

Meek & Davies (ibid) highlight the responsibility of policy setters and funders to maintain and develop their economies' base for academic excellence, and that the research university still has a key role in the knowledge society through its nurturing and development of "top graduates, cutting-edge research, and vigorous technology transfer" (ibid). These responsibilities require systems that provide a "concentration of talent, abundance of resources and favourable governance" (ibid).

For many years the Clark triangle (discussed in Chapter 3.2.2) played a significant role in describing the forces at work in higher education system governance, but he was not so prescient of the major societal and economic earthquakes that since the early eighties have driven the purpose, policy and operating environment of higher education. Dsizah and Etzkowitz (2012) noted:

While the predominance of state and faculty control may have been true in the 1980s, Clark's triangle presciently was the tip of an arrow pointed directly toward the market. Yet...Clark expressed market coordination in terms of internal competition for the traditional forms of academic exchange (i.e., tuition, tenure, and prestige) and not as a driver of national and global economic development strategies. (p.248).

Dsizah & Etzkowitz (ibid) recognise this when they note that “(t)he triangle model does not permit us to ask, “how do the state and the market interact with these new institutional types?” (ibid). Perhaps the biggest challenge to its utility is globalisation of higher education as “in a global economy it is more difficult to pinpoint an entire country’s higher education system within Clark’s triangle of coordination. Individual institutions within national postsecondary systems are interacting with the market and industry with marked difference” (p.249). The market itself is now both local and global and many researchers agree that the higher education system is now significantly positioned closer to the market and that its strategies and actions are being driven by a State driven policy demand to be more responsive to the market and to develop more collaborative and strategic approaches.

The key concepts used in discussing governance are “steering”, “government” and “governance” (Reale & Primeri, 2015).

“Steering” as a term “means the externally derived instruments and institutional arrangements which seek to govern organisational and academic behaviours within higher education institutions. They are usually but not always emanating from the state” (Ferlie et al., 2008, p. 326).

These characteristics are part of the many variables that the governance arrangements at the system level (super-structure) needs to accommodate. At the system level, the State has reduced its financial investment and is “seeking to shape higher education systems more actively” (ibid). This shaping is done by using, for example, incentives to drive the achievement of policy outcomes such as more industry engagement. Lewis (2013) agrees, looking specifically at university research, noting that a “consequence of the knowledge economy, as well as of fiscal constraint, is that nations have become more proactive in steering the direction of academic research” (p.5) and achieved this using “policy tools and incentive structures that see governance in managerial and quasi-market terms” (p.10). The use of more directive levers channelling research funding into areas more aligned to government policy is part of the current governance environment.

2.8.1 Intermediating organisations - new governance actors

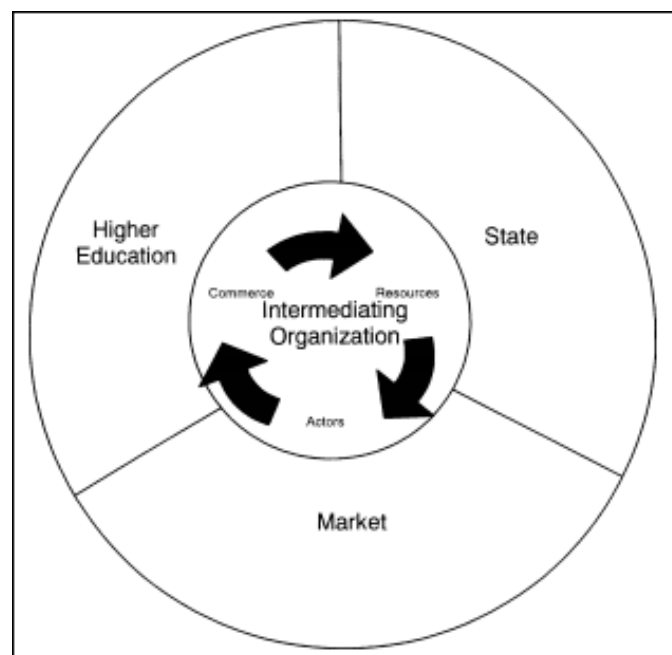
Intermediating organisations are bodies described as “those that represent “(i) individual institutions or systems; (ii) small associations; (iii) functional, discipline organisations; (iv) occupational groups, and (v) special task organisations” (Dsizah & Etzkowitz, 2012, p. 253). Metcalfe (2010) observes that these bodies have

emerged as key system actors “that operate in the spaces between institutions of higher education, industrial firms, and government agencies” (p.503).

The role of these bodies has evolved from a representational role to an informal agent/actor role in the governance of national systems in areas such as health and education. Examples of these bodies in Australia are, the Australian Medical Association and Universities Australia. Their governance role is as stakeholders and the intermediating body provides an avenue to engage multiple stakeholders in decision making. Their new role and influence has been driven by the demands of the knowledge economy and government policies implementing new modes of delivery of government funded services across these sectors. Not all representative bodies have moved into this space.

The way an intermediating body operates is indicated in the model below (Figure 2.3).

Figure 2.3 Intermediating bodies – information flows



(Source: Dzisah & Etzkowitz, 2012, p. 254)

These organisations are creatures of the knowledge economy, as the exchange of knowledge is an important function of these organisations, “and it is critical to the value of an intermediating organization.” (Dzisah & Etzkowitz, 2012, p. 256). The model indicates that these organisations require “efficient methods for knowledge exchange” otherwise “an intermediating organization will not be utilized by other organizations...because the flows of actors, resources, and commerce depend upon reliable information” (ibid).

The flow of actors (people) and knowledge are critical to the function of these organisations. In higher education, these organisations link government with the higher education institutions and are emerging as key players in policy development and through that role, governance. As Metcalfe (2010) notes: “Organisations situated in this interstitial space between public and private entities have been found to actively influence the formation of academy-industry-government relationships through the exchange of actors, resources, and commerce” (p. 503)

Intermediating bodies come with their own membership challenges which Dzisah & Etzkowitz (2012) summarise neatly:

the model of intermediating organisations assumes that individuals have a variety of affiliations, be they formal or informal, temporary or static. Within most organisations people hold several affiliations simultaneously; their identities are shaped by these organisations as they shape the organisations themselves. (p.253)

2.9 Concluding remarks

Higher education is now a complex environment with many governance actors (external and internal) and stakeholders involved and seeking a role in governance. Good governance in higher education (and elsewhere) is built around engagement and building relationships with those actors and stakeholders. In designing governance arrangements, the designers not only need to develop the obvious structures and processes that facilitate the adoption of the “good governance principles” (Chapter 2.5), build relationships with stakeholders and engage them in the governance processes, but also need to ensure that the underlying logic, the purpose, is in place.

Governance is contextual, and the context of higher education and its governance has changed significantly. These contextual changes such as the transition to a knowledge-based economy, reduction of public funding, the NPM movement and the drive for greater accountability and efficiency in the spending of public funds, the rise of networks facilitated by the rapid development and deployment of ICT and the drive for greater engagement with the market have been accompanied by the increase in the range of stakeholders with interests in higher education and a greater demand to be engaged in its governance. This demand is playing out in the redefining of the long-held principle of “shared governance”. As discussed, that concept is now much more than sharing governance with academe, as there are now many more stakeholders (e.g. professional staff, industry) with strong

claims to be engaged. However, there is an issue to re-engage academe more effectively in governance, especially at the institutional level where their traditional involvement in governance was historically strong.

The historical importance of academic governance in assuring the quality of the academic activities of universities is well understood. It continues to play a critical role in the sector's and the university's (institutional) quality assurance arrangements. However, as a mode of governance, it too has been impacted by changes in higher education's external and internal environment, government regulation and other areas. Its shape and role are under review by universities. Academic governance is now a requirement specified in the Australian higher education regulatory framework (as well as in the university enabling legislation), although the specific form of academic governance is left to the individual institutions. Accreditation, institutional and programme level, also plays an important role in academic governance.

Also accompanying the rise of networks both as a governance typology and as a mode of interaction, has been the development and increasing importance of intermediating organisations. These bodies are an example of an emerging governance actor providing a facility to bring together government, universities and industry at the system level, as part of the relationship building and information gathering processes.

Finally, all the foregoing plays out in the design of frameworks and practices of institutional, system and academic governance. The design process is informed by the principles of good governance and context as for the broader corporate governance arrangements. Higher education governance is cautiously adopting these more commercial approaches but need to be mindful of their impact upon culture and values. Researchers like Middlehurst and Baird have raised the warning flags that in implementing governance changes, organisations need to be mindful of the role that culture, and values, play in achieving desired outcomes.

3 THEORETICAL CONCEPTS

3.1 Introduction

The previous chapter's discussion of governance identified several elements as important in the design and practice of governance. Elements such as networks, actors, stakeholders and agents and relationships are important to understand in establishing good governance structures and approaches. The relationships between actors are important to the practice of governance. In addition, the concept of a system(s) and the governance of systems was referred to. The relationships between system actors, who may be governance actors as well, are important in the understanding of the operation of systems and system governance. Thus, understanding the dynamics of systems is a key element in designing their governance arrangements. These dynamics play out at the institution level as well.

Systems and institutions have been analysed over many decades resulting in several theoretical concepts and constructs being developed. This chapter explores the use of systems theories, systems thinking and organisation theories as tools for conceptual analysis of the higher education sector and universities, and their governance. This analysis will explore some of the system typologies and their attributes and examine how these concepts apply to governance.

3.2 Systems theory and systems thinking

Systems theory is a theory that provides a framework to study groups of objects such as organisations, people, animals etc and how they interact and behave to achieve outcomes. Systems thinking is a methodology for analysing systems, it is a "holistic approach" (Kramer & Smit, 1977, p. 6) that focuses on analysing and understanding the relationship between an organisation or groups of organisations and their external environments. The systems thinking approach has developed rapidly since the mid twentieth century.

Applied systems theory is a specific variant "to describe and to analyse objects with the intent of understanding, modifying or predicting their structure and their behaviour" (Dekkers, 2015, p. xiii).

Arnold (2013) observes:

Systems theory has had dramatic effects on various areas of life. It has borne fruit in constructivist epistemology, in AI and robotics, and more generally in

digital culture, in the ecology movement, and in chaos and complexity theory, and has been carried forward by proponents of humanism, post-humanism, and transhumanism. It has had varied and multifaceted effects and lives on in varied and multifaceted ways. (p.17)

Dekkers (2015) notes the benefits of systems thinking in “analysing organisational systems and also understanding problems from a variety of disciplines” (p. vii) and solving complex industrial problems.

3.2.1 Systems thinking, higher education and governance

Higher education has changed significantly over the past half century. The concept of higher education as a system is a relatively modern phenomenon. Marginson (2016) explains the evolution of the modern higher education system as follows:

The modern Anglo-American higher education systems were mostly formed in 1955–1980, when democratic society charged government, not markets, with the erection of public infrastructure and better systems of institutional provision. The systems, especially, broke new ground. (p. xiv)

Enders (2016) and Marginson (2016) both note that the transition of higher education from elite to mass post World War II (“massification”), saw the idea of a higher education system emerge “as a popular political and academic construct” (Enders,2016, p.173). Enders (ibid) identifies three reasons for this:

1. That the “contemporary university” was born of the nation state with most universities created in the last century and with a regulatory, funding, economic, education and social missions nationally focused
2. The term “system” has become widely employed assuming that universities and other higher education providers have enough in common and interact among each other to an extent that allows us to address and steer them as a macrosocietal entity that follows its own “logic”; and
3. The “architecture of regulation and funding” of higher education is premised upon there being a “system” requiring public coordination. (p. 174)

The concept of national higher education systems is therefore a current “socio-political reality” (ibid). Clark (1983) described the presence of national higher education systems as an outcome driven by “uncontrolled evolution as well as conscious design, by internal momentum as well as by external control” (p.26).

Globally, higher education systems differed in the way they were initially organised. (Marginson, 2016)

Academic organisations, usually the universities, are important actors in the higher education system. Clark (1983) observes that academic organisations have special features (functions) that “push academic organisations into certain shapes and causes them to have peculiar problems of performance and power” (p. 11). In the analysis of higher education as a system and its governance, Clark’s observation is fundamental to understanding how those organisations respond individually and collectively, to various system governance actions.

Many trends such as the expansion of higher education access, growing internationalisation, globalisation and the emergence of governments taking a greater interest in, and providing more public investment into, higher education have all played a role in driving change. The interaction of these trends has increased the complexity of higher education. A more intensive discussion of these trends is contained in Chapter 5. As higher education has grown in shape and size, understanding how it responds to various governance instruments, actions and levers has become a key issue for the development of policy and the achievement of objectives. Many researchers such as Weick (1976), Clark (1983), Birnbaum (1989), Peters (1996) and Harris, Tagg and Howell (2005) have used a systems thinking approach in their research on higher education.

The role of the contemporary university has changed significantly over the past half century into an engine of social and economic development. This is significantly different to its earlier position as a higher education institution catering to an elite post-secondary cohort of students and operating at a distance from the day to day social and economic agendas. It is now a large and important employer, owner of significant high-tech research and teaching facilities, a corporate citizen producing, transforming and delivering education, research and other intellectual inputs and outputs. It is an organisation that is often described as a complex system operating within a complex higher education system. As raised in Chapter 2, the university has had to take on the accountabilities and responsibilities of corporate organisations, albeit nuanced to support the university purpose(s), cultures and values. Therefore, as an organisation it is now much more than a collegium, a collection of scholars, and as such now operates in a different context and has had to take on the accountabilities and responsibilities of corporate organisations.

Analysing the higher education sector and universities using systems thinking will provide significant insights into the instruments used and the approaches adopted

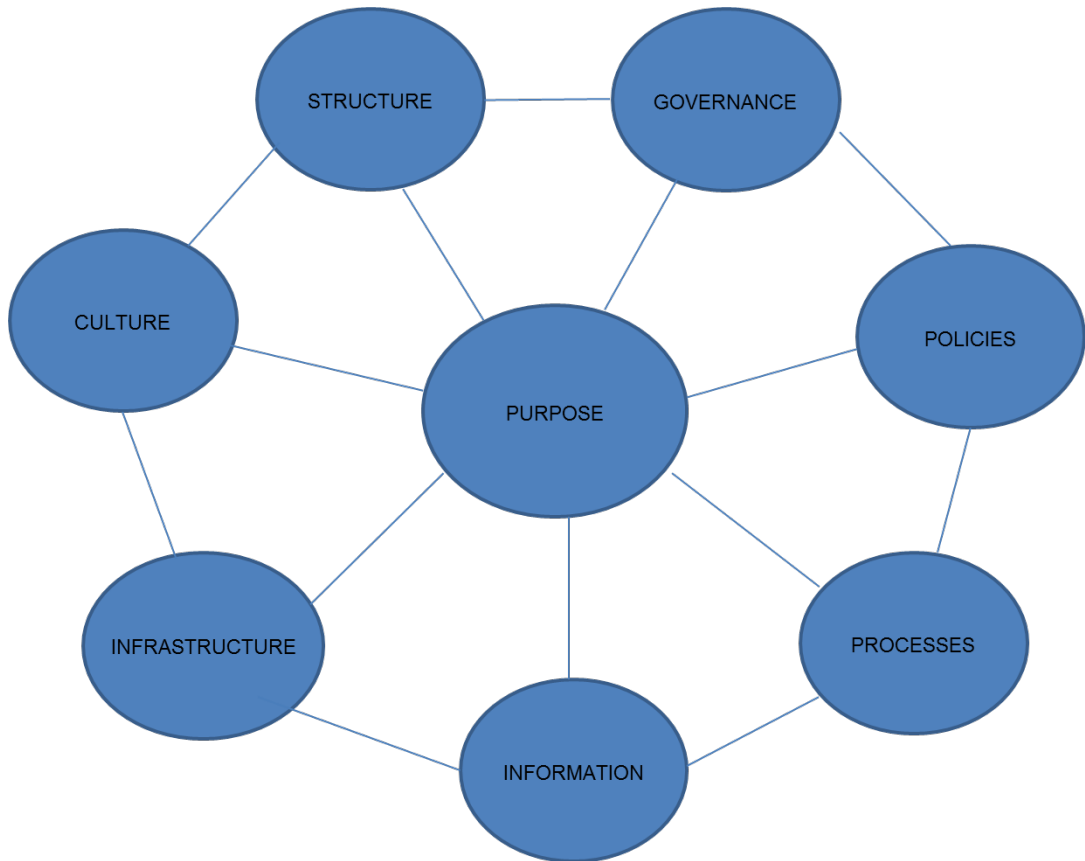
to govern higher education at the national or systems level (the governance of universities) and explain how the various actors/agents (the universities and others) behave in response to various governance instruments and actions.

Harris et al (2005) apply a systems approach to their analysis of the form of universities. Their systems approach would structure higher education institutions to act as “systems for student learning” where “students, faculty, staff, and processes...work together to facilitate student achievement” (p.4). Notably, the authors see the failure to optimise its form as diminishing the university’s educational and research effort. The authors do not see this as a governance issue but rather a systems and function issue, where the necessary governance needed to make this work is a natural consequence of gaining clarity around function (purpose) and establishing the organisational form to support the delivery of function. Nevertheless, good governance arrangements and practice provide the framework to implement the required changes.

Societies at a macro view are systems with sub-systems such as the economy, health, justice and education. For systems to operate efficiently, the component parts must work together and within each component, its parts should similarly operate efficiently and support the others.

Toma (2010) identified systems thinking as a necessary input into development of the strategic thinking necessary to build capacity in universities and developed a framework on building organisational capacity. In his Model (figure 3.1 below) he identified eight elements specific to higher education that should be aligned and monitored for universities to achieve strategic goals. Toma’s model highlights the importance of purpose.

Figure 3.1. Purpose and Governance



(Adapted from Toma, 2010, page 7.)

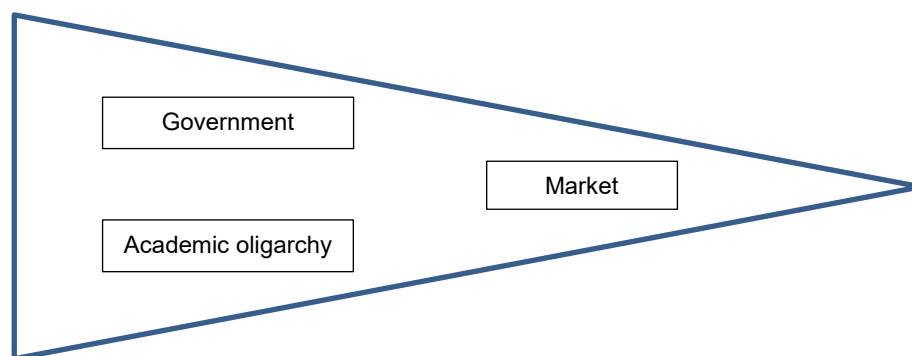
At page 6 he notes that: “A breakdown in one area can influence everything else....” It is interesting to compare this thinking to others such as Weick, Birnbaum, Bok and others, who discuss the “loose coupling” of the university structure. At the academic level this may be so, but at the department level Toma’s view is that a failure of one department to achieve its goals (assuming that they were aligned with the broader university goals) will impact on the rest of the university. This impact can be seen in several areas especially in financial and resource management strategies. Massy (2016), over many decades, analysed and discussed the common approach within universities to cross-subsidise research and the less popular but strategically necessary academic programs from funds generated by Business Schools, which have become the key “cash-cows” of most universities. Internally, good management requires that those receiving the benefits of the subsidy need to make sure that they operate as effectively and efficiently as possible: a failure to operate efficiently and effectively limits the benefits of the cross-subsidisation. Further, if the cash-cow does not manage its own risks and continue to maintain and/or improve its efficient use of resources, then the amount of the subsidy is at risk and the impact will flow through to not only

those subsidised but other parts of the university. Toma's model illustrates that governance is an integral part of an organisation's ability to deliver strategy and achieve purpose. Systems thinking informs the consideration of appropriate governance arrangements. In applying systems thinking and identifying that components of the organisation are interrelated, the preferred governance set-up for that organisation will place decision-making where it is best suited to leverage organisational strengths, influence agent behaviour, align activity with the broader organisation and its purpose, recognise the importance of supporting organisation values and in understanding how decisions will impact on operational units and the organisation more generally.

3.2.2 Higher education system dynamics: Clark's "Triangle of Coordination"

Systems thinking in higher education is clearly seen in Burton Clark's (Clark, 1983) seminal work on the development of the "triangle of coordination" to describe the main forces at work in the positioning higher education systems.

Figure 3.2 Clark's Triangle of Coordination



Clark identified three main actors or coordinating forces: the government, the academic oligarchy and the market.

This analysis identified how higher education systems are structured and coordinated (Goedegebuure, 2017) and "is a useful tool for analysing shifts between these elements in a higher education system" (Austin & Jones, 2015, p. 72). Clark's argument is that higher education systems are subject to three co-ordinating forces and the impact on a system, by either or all of them, is dependent on the history and context of a system. The state role can be seen through legislation, funding regulation etc. The academic oligarchy relates to the power and influence of the academic profession; and the market influences can be seen in the supply and demand of education and research, services and workforce –

academic and professional staff. Clark analyses these forces across systems and could locate countries within this triangle. This created a visual depiction of the difference in the way higher education systems are coordinated (or governed) which reflects their history, cultural norms and values (Goedegebuure, 2017).

Clark's heuristic has been the dominant paradigm for over three decades for "describing, assessing and comparing systems of post-secondary education" (Lang, 2017, p. 112). It has however, been the subject of some criticism over the years. Firstly, the literature on higher education governance has identified a range of conceptual models such as collegial; bureaucratic; professional; the entrepreneurial university and the enterprise university. The Clark triangle assumes the traditional collegial model of the university organisation only ("the middle structure" in Clark's definitions), and it is arguable that this is a limitation.

Secondly, Dzisah & Etzkowitz (2012) see the "social shift that views higher education as more of a private good than a public good" (p. 248) as challenging the assumptions underpinning his triangle and their applicability to "contemporary post secondary institutions"(ibid). The authors identify five (5) limitations to Clark's heuristic:

1. The "academic oligarchy" has lost pre-eminence, affected by increased administration, casualisation of academic staff and the rise in professional/technical roles. (p.249)
2. The triangular construct of the model emphasizes the oppositional pulls of academe, the market, and the state, but does not allow for the representation of partnerships and alliances among them. (ibid)
3. The three-actor analysis is no longer appropriate "as organisations are becoming more understood as being embedded within complex inter-organizational networks", where many "types of organisations participate in the arena of higher education coordination" (ibid).
4. The triangle is "unable to capture the increasing diversity of higher education's institutional forms" with the rise of private for-profit universities; small, niche higher education providers and e-learning providers. (ibid)
5. The presumption of a monolithic 'university' type is no longer valid. (ibid)

It should be noted that (1) and (3) are closely aligned with the governance issues raised in Chapter 2 (the diminution of the role of academe and the emergence of networks in delivery of public services) and highlights the important role of

relationships in understanding systems and governance. This is a good example of the strong conceptual connections between systems thinking and governance.

Another criticism of the Clark model “was that this is a static framework as it does not allow to capture changes over time” (ibid). Austin and Jones (2015) note that the “contextual reference point for the triangle has changed” (p.74). The triangle concept and the definition and number of “coordinating forces” have been the subject of criticism (for example see: Pusser,2008) and refinement and redefinition (Marginson & Rhoades, 2002).

3.2.3 What is a system?

Having discussed systems thinking the next task is to understand what a system is, its typologies and characteristics.

Bertalanffy (1968), in his seminal work on general systems theory, defined a system as a “set of elements standing in interrelations”(Arnold, 2013, p. 11). The various elements of a system have relationships to each other and to the external environment. Systems have boundaries, but the boundaries may be porous or strict. Systems with strict boundaries are defined as “closed” systems. Systems with more flexible and porous boundaries are defined as “open systems”. How a system behaves and changes in its relationships with its environment is “triggered by events in the system’s boundaries” (Dekkers, 2015, p.xvi).

Several typologies have been developed to classify systems. A typology provides a basis for analysing the boundaries and behavioural aspects of systems in a methodological way. A number of these typologies have been used specifically to analyse social systems including public education and health, which have similar elements to higher education, such as state regulation, policy and funding contexts (Enders, 2016), and thus are relevant to the analysis of higher education systems. Three system types discussed in the research as relevant to higher education are complex adaptive systems (McGee & Edson, 2014) open systems (D. Katz & Kahn, 1966) and cybernetic systems (Arnold, 2013). These typologies are discussed in detail in section 3.2.4 but first we need to define a few common terms.

3.2.3.1 System Actors, Agents and Stakeholders

These terms are defined in Chapter 2.2.2 in relation to governance. ‘Agents’ and ‘Stakeholders’ have similar definitions when analysing systems and need not be repeated in detail here.

The term ‘Actor’ in relation to systems, defines those who respond to internal and external stimuli, and interact with each other and/or independently to respond to

the stimuli and maximise their position. In Australia's higher education system these actors include institutions (public and private universities & other higher education providers registered by TEQSA), government in all forms and representations, industry and the professions, individuals and other stakeholders. System actors and governance actors are similar, with the relationship between the actors important for governance (as previously discussed), as well as in the operation of systems. Actors may be agents where they operate within a principal-agent relationship. Theoretical concepts such as agency theory and stakeholder theory help to understand and explain the various types of relationships that the system needs to manage.

Clark (1983) noted that as higher education professionalised and “converged with bureaucratization in fashioning large organisations and larger sectors, powerful social actors are thereby produced” (p. 4). As higher education has developed into a powerful and important sector so, similarly, have the actors developed into powerful and important agents in determining the development and operation of the sector. From the governance perspective, the question for governing bodies is how to steer this conglomerate of interests towards a common set of objectives when there are multiple and conflicting objectives (missions) and sectional interests to be accommodated. System actors and agents can participate as governance actors and agents.

3.2.4 System typologies

There are three main system typologies applied in the research literature to higher education. These are discussed in detail below.

3.2.4.1 Complex adaptive systems

A complex adaptive system (CAS) is defined as “a system that involves many components that adapt or learn as they interact” (Holland, 2006, p. 1). The CAS typology has been used to assess many large public service enterprises and eco-systems such as education, health, environmental systems and ant colonies.

CAS is composed of many actors that each operate with varying degrees of independence. McGee et al (2014) noted that the research identified several key properties of a CAS:

1. “A CAS is composed of many interacting, intelligent and independent actors” who “act with varying degrees of independence... for self-interest, to promote the good of the...system or exercised to the detriment of the system” (p.132).

2. "CAS complexity flows from the "density of causal connectedness", manifested in the "plethora of non-linear interactions amongst agents/issues" (ibid).
3. CAS adapts and evolves "in response to agents" interactions, the system's history, and interactions with the environment. Therefore, CAS "have strong tendencies to learn, adapt and self-organize" (ibid).
4. Agents are "goal-driven" and behave in a way to maximize goal attainment. With a CAS, the behavior of agents is more an outcome of "physical, psychological and social rules" rather than driven by system demands and dynamics" (ibid).

The above properties indicate that "controlling and predicting performance is particularly challenging" (ibid). McGee et al (ibid) identified how these properties fitted within a public-school education system and their observations are applicable to higher education systems in the following way:

1. Within higher education the main actors are academics, students, administrators, governments, industries and the professions. Each of these players has a level of independence and interdependence with each other. For example, governments provide significant resources (money and infrastructure) to universities and have attached to them a range of performance goals or constraints, such as research outputs and specialist infrastructure (e.g. laboratories). Universities can accept these constraints or not, but once they accept, they are bound by the terms of the provision. Academics can be in a different position, as they can receive individual funding and infrastructure support via internal or external grants from their research and teaching endeavours. There is a strong self-interest as well as system interest incentive to support the purposes of the funding and utilise it according to its terms.
2. The "density of causal connectedness" can be seen in the learning process where academics, students, curriculum and technology interact on many levels with the aim of delivering a quality outcome. These interactions are not necessarily linear and there is a matrix of interdependencies and connections between the various actors.
3. Examples of systems learning and adapting can be seen in higher education in the rise of accreditation at organisation and curriculum levels as key requirements for universities to comply with.
4. In higher education, most agents are goal driven and how they adapt to

their changing environment is guided by this drive (ibid). Examples of goals for higher education agents include academics goals of achieving strong research performance as judged by peers; driving student success as indicated by a range of quantitative and qualitative measures of student performance; earning a decent income and having opportunities for personal and professional development – a goal that applies to professional and technical staff as well.

To maximise their goal attainment, agents identify opportunities to preference activity that supports achievement of goals (e.g. less teaching and more research time); to preference goals that provide higher professional and personal returns above other goals (e.g. research rather than teaching) and/or utilise personal development opportunities to improve future career prospects. (ibid)

3.2.4.2 Open systems

Open systems theory states that organisations are strongly influenced by their environment (Dekkers, 2015). The environment consists of other organisations that exert various influences of an economic, political, or social nature.

The literature relating to open systems notes that:

Virtually all modern theories of organization utilize the open systems perspective. As a result, open systems theories come in many flavors. For example, contingency theorists argue that organizations are organized in ways that best fit the environment in which they are embedded. Institutional theorists see organizations as a means by which the societal values and beliefs are embedded in organizational structure and expressed in organizational change. Resource dependency theorists see the organization as adapting to the environment as dictated by its resource providers. Although there is a great variety in the perspectives provided by open systems theories, they share the perspective that an organization's survival is dependent upon its relationship with the environment. (Bastedo, 2006, p. 2).

It is accepted that the open systems concept applies to the institution of the university and the higher education sector generally (see Harding & Harrison, 2015). The strong influence of the environment on those organisations that operate within an open system requires that there be efficient and effective feedback loops, inputs, processes, evaluation and adaptation. In the previous chapter, a number of

these requirements (feedback loops, processes, evaluation) were identified as critical in establishing good governance structures and arrangements. The above raises several governance considerations, including:

- a) The identification of stakeholders and accessing information from them to inform decision making i.e. engaging stakeholders.
- b) Creating the structures, policies and processes to provide feedback, flexibility and facilitate adaptation in accordance with changes in the environment.
- c) As noted above, organisations operating within open systems are more dependent upon their relationship with their environment, they are more sensitive to economic forces in the environment and more dependent on access to resource providers. Such dependency means that the governance arrangements need to facilitate key relationships with key providers of resources. For the higher education sector, although the government is a key provider of financial resources, changes to government funding levels is, inter alia, driving a greater need to build stronger financial connections with industry and employers. Another example of building relationships with other actors in the system can be seen in the emergence of higher education representative groups such as, in Australia, the Group of Eight, Universities Australia and the Australian Technology Network. These provide vehicles to facilitate interaction between universities, government and industry to build relationships and identify opportunities to partner in research and education endeavours.
- d) The political environment influences the way power and resources are allocated within the system and the organisation. This influence is seen at both national and state levels. For example, national governments across most jurisdictions are a key stakeholder as well as regulator and funder of higher education. Engagement with them at the system level, where policy and resource allocation decisions are made, is a critical governance requirement. In addition, most Australian public universities are creatures of State government legislation and in the majority of those Acts it is a requirement that there be State government representatives on the governing boards. Thus, universities need to build good relations with the current state governments as well, even though the various state governments have minimal, if any, policy and funding input.

3.2.4.3 Cybernetic systems

A third typology is cybernetic systems. Cybernetics is an approach for exploring how systems regulate themselves through communication and control mechanisms (Weiner, 1961).

Cybernetics, as a method to analyse organisation and behaviour, emerged in the early 20th century through the work of Norbert Wiener (1961) studying control and communication. Bertalanffy addressed cybernetics in developing his general theory of systems.

A cybernetic system is one that has signalling tools (feedback loops) that identify changes in the system environment, the reflection of that change in the system and the consequent triggering of a change in the system itself. Researchers use cybernetic approaches to look at systems and organisations using concepts such as adaptation, learning, efficiency, efficacy, connectivity, convergence and social control. Cybernetics has been used as an analytical tool for higher education systems and institutions.

Birnbaum (1989) used the cybernetic systems concept to analyse the behaviours of universities. He defines a cybernetic system as one where “organization subsystems respond to a limited number of inputs to monitor their operation and make corrections and adjustments as necessary; organizational responses are not based upon measuring or improving their output” (p.241).

What this means is that there is more focus on the inputs into the organisation/system and how those inputs influence or drive behaviours. In a cybernetic system, there are feedback loops and other interconnected control processes that respond to various stimuli and enable the organisation to adjust and keep functioning. These loops and other controls identify when something is amiss and enable adaptive behaviour to come into play to return the organisation to a form of equilibrium (ibid). Sporn (1997) uses cybernetic concepts in her definition of organisational adaptation as the “process of responding to some discontinuity or lack of fit that arises between the organisation and its environment” (p.75).

Cybernetic controls include such things as data collection, policies and procedures, strategic and operational goals, and organisational structures to name a few. Many of these controls are part of the tools of governance.

The cybernetic systems lens has been used to analyse how the various higher education actors and agents within the system (universities, industry etc.) respond to various inputs such as government policy and funding (Birnbaum, 1989).

Universities have multiple missions (purposes) and multiple goals, and as complex organisations, their multiple goals are likely to include conflicting goals. Universities are structured into multiple sub units comprising Faculties, Schools, academic departments and central service areas, and all of these units are “loosely coupled” (Weick, 1976). This means that, for example, the decisions of the medical school do not necessarily impact or drive the decisions of the business school. There may be some mutual demand upon a resource but otherwise those units within the organisation operate relatively independently of each other.

Birnbaum (1989) cautions that even with controls in place “the processes of adjustment themselves create other imbalances” (p.246) or unintended consequences.

The cybernetic lens can be used as part of the analysis of the efficacy of the current governance arrangements in place in the Australian higher education system and its public universities. Good governance, as discussed previously, requires sensing mechanisms and control systems to be in place to identify responses to various external and internal influences and stimuli - as in a cybernetic system. These sensing mechanisms help to identify disruptions to the norm or behaviours outside acceptable limits. Within a system, this applies to the behaviours and interactions of the various actors or agents inhabiting the system. Importantly, “(c)ybernetic systems can only function effectively if environmental disturbances are sensed, and negative feedback is then generated by organizational subunits that monitor these data” (p. 249).

Peters (1996) used the cybernetics lens to analyse Australia’s unified university system “as a clear instance of organisational cybernetics in the technical sense of a set of organisational subsystems, controlled through a network of financial sanctions and rewards which interacts with the market environment” (p. 166).

In governance terms, the cybernetic system requires the creation of decision-making structures and processes that enable efficient and effective sensing mechanisms to assist the system and the organisation to respond in a timely manner to various environmental disturbances. The governance arrangements need to facilitate informed decision making; create channels for collecting, collating and analysing environmental intelligence and enable adaptation as the environment changes.

3.2.5 Which System?

The foregoing analysis supports the conclusion that higher education systems are best categorised as fitting within the attributes of complex adaptive systems. The key CAS attributes of goal driven agents; multiple interacting agents engaging at a variety of levels; and the adaptation of the system to agent behaviour provide a more holistic description of higher education systems. In addition, higher education includes several strong cybernetic elements such as data collection and analysis; organisation policies and procedures and strategic plans. It includes open system elements such as external evaluations and accreditations; funding agreements (government and private) and government policy. These elements add to the overall complexity of the system.

The challenge for those entrusted with governance of these complex environments is to understand the impact of governance levers and tools on system behaviour and adjust accordingly. This is discussed in the next section.

3.2.6 Governance and complex systems

Kemp et al (2005) saw a natural fit of governance and complex systems. They observe:

The notion of governance fits in with complex systems approaches to understanding the workings of the political economy through the inter-relationships among identifiable parts (e.g., social, economic and ecological), rather than just the parts themselves. A complex systems approach to governance also implies explicit appreciation of complexity and uncertainty, likelihood of surprise and need for flexibility and adaptive capacity. (p.17)

By describing higher education systems as complex adaptive systems (“CAS”) McGee & Edison (2014) note that the governance of those systems is affected by the “density of causal connectedness” (p 132) providing challenges to governing agents in exercising control and achieving desired outcomes.

The CAS properties described in section 3.2.4.1 lead to the identification of some key approaches to governing enterprises that fit within the CAS definition and within the principles of good governance discussed in Chapter 2. McGee & Edison (ibid) provide guidance as to governing strategies which I have adapted to identify how they are applicable to higher education institutions and systems:

- a) The main agents within higher education have a degree of independence and interaction with each other. Their behaviour can support their self-interest and support system goals, or not. This aspect re-enforces the link

between systems thinking and good governance that identifies governance as not merely a structural concept, but as observed through actions, processes and outcomes i.e. behaviour (refer chapter 2.6). Using governance levers to dictate behaviour may be detrimental to achieving system goals. Mechanisms that “encourage certain behavioral outcomes” (p.132) are preferred. Thus “governance should favour influence over control” (p.133). In higher education, this can be seen in targeted funding to achieve certain research outcomes, stronger industry connections and commercialisation of research outputs.

- b) Strategies and their policies should influence behaviours to achieve the desired outcomes. Strategies for academics could include rewards for performance, promotions, grants, conference funding and other additional benefits. For professional and technical staff, performance bonuses and professional development opportunities are examples.
- c) CAS attributes include the capacity to adapt and evolve in response to interactions between actors and environmental changes. Governance arrangements therefore need to facilitate actor interactions, identify environment changes and to “avoid mechanisms that impose artificial order” (ibid) and create barriers that resist the ability to adapt and change. This links in with the network governance discussion in the previous chapter, requiring system boundaries to be permeable and facilitate interactions with the external environment. The preferred arrangements are, therefore, those that provide flexibility and agility enabling universities to respond quickly to changes in their environment.
- d) Sharing of power and engagement in the governance process is a solid foundation for aligning self-interest with the system’s interests (ibid). As discussed in the previous chapter, sharing governance and empowering stakeholders is good governance. McGee & Edison (2014) note that such an approach will maximise the benefits from the actors’/agents’ interactions and promote better information flows. Thus, the preferred approach is for the governance arrangements to “empower rather than restrain” (p.133) key stakeholders and actors to act with some autonomy in influencing universities’ operations, to help achieve maximum benefits. McGee & Edison (ibid) see this as supporting “self-interest as well as systems interests” (p.133) to achieve greater outcomes.
- e) Governance can be more effective if the system and institution targets are high level rather than component-level (ibid). Having common goals at the

system level that support collaboration between actors, will promote overall elevated levels of performance of the system rather than being directed to the detailed and component level. Examples of common system goals for higher education include quality benchmarks in relation to academic qualifications and research outputs, minimum curriculum standards and operational efficiency.

In Australia and most other higher education systems, the government is the dominant “sponsor” and thus “a crucial part of the environment in which higher education resides” (Clark, 1983). As Clark and others have stated, and as can be observed from studying the political environment, various groups “articulate values through governments” as to what they desire of higher education. These values may conflict with the values of the other players in the system. Over 30 years ago Clark observed “conflict between values is inherent and this conflict presses behaviour in contradictory directions and encourages antithetical forms and procedures” (p. 252), and it is still evident in the more recent research (e.g. Marginson, 2000; Shattock, 2013).

Compromise is king in system organisation and governance. The governance instruments utilised to steer the system to achieve a set of desired outcomes need to be cognisant of the contradictory and complementary system dynamics and relationships. Governments have a range of policy levers available to them which help shape system structure and hierarchy. Levers, for example, can be financial (e.g. incentives, grants), policy (e.g. increase STEM enrolments; targeted research) or regulatory (e.g. accreditation; quality assurance; student protection).

Those levers reflect a desire to achieve a range of objectives or purposes. For example, the policy approach may aim to better target resourcing to support required research or educational outcomes. This can be seen in the recent changes to research funding in Australia, which aim to drive closer industry engagement. Similarly, policies supporting stronger market approaches (i.e. competition) support stratification of systems that may strengthen the position of the stronger (elite) institutions (Marginson, 2016).

3.2.7 Summary

Using systems thinking is a good strategy for governors to analyse behaviour within the higher education sector and its environment. The Clark triangle, as an example of systems thinking, still has a role to play as a heuristic tool.

Higher education is best classified as a complex adaptive system (CAS) with many actors, agents and stakeholders who play single or multiple roles within the system and interrelate. Such classification provides those bodies and persons with governance responsibility, insights into the estimating the effectiveness of various governance levers adopted to achieve desired outcomes. Further, the CAS classification provides guidance to governors as to the preferred approach to governance. As discussed in chapter 3.2.6 that approach recognises the independent and self-directed nature of the actors; their strong tendencies to interrelate across systems and institutions. These characteristics provide the rationale to adopt approaches that engage actors and aim to influence them to achieve desired outcomes rather than attempt to dictate behaviour. Sharing power will help align interests. Having the necessary feedback loops in place will enable adaptation as the environment changes.

3.3 Organisation theory

Universities are, by any definition, an organisation and analysing how they are formed and how they respond to various internal and external actions is critical to improving governance. Studying organisations has a rich history in the social sciences and the emergence of organisation theory has provided a framework for past and future analysis. Organisation research has defined organisation constructs such as contingency theory (Lawrence & Lorsch, 1967) neo-institutional theory (Meyer & Scott, 1992) and ecological approaches (Aldrich, 1979; Hannan & Freeman, 1977)

Greenwood and Hinings (2015) in the Introduction to their online publication, summarise organisation theory as being “concerned with the relationship between organizations and their environment, the effects of those relationships on organizational functioning, and how organizations affect the distribution of privilege in society.”

They note that “a central concept is organizational design (sometimes termed organizational form). Organizational design is important because the ability of societies to respond to various problems depends on the availability of organizations with different capabilities” (ibid).

Governance of organisations becomes important as it is a key influencer in how organisations use their capabilities, function and deliver outcomes.

Within the field of organisation theory, are several theoretical constructs that have application to analysing governance in higher education institutions and are the subject of significant breadth and depth of research. These include:

3.3.1 Neo-institutional theory

Neo-institutional theory originated with the concept of new institutionalism in the early 1980's. It is described by John Gray in his section on Neo-institutional Theory in the "International Encyclopedia of Organization Studies" (Clegg & Bailey, 2008) as a theory that "argues that institutions are formed and changed by interactions between field and firm. It accepts that organizations and context are mutually constituent". The theory's main concepts are the field concept in which the firm operates; the institutional context and the market context (ibid). The theory is described by Lounsbury and Zhao (Lounsbury & Zhao, 2013) in their Introduction as:

one of the main theoretical perspectives used to understand organizational behavior as situated in and influenced by other organizations and wider social forces -- especially broader cultural rules and beliefs. ... the construction of broader cultural rules constituted actors and facilitated organizational isomorphism -- the growing similarity of organizations in a field.

Minkoff (2006) observes neo-institutional theory as having a strong effect on not-for-profit organisations due to its emphasis on

the need for organizations to conform with externally determined normative, cognitive, and regulatory expectations regarding their structure and functioning. Pressures toward conformity are especially strong for non-profits that are highly dependent on external sources for both legitimacy and support. The decisions and choices that members of organizations make are thus constrained by considerations of appropriateness that are widely shared among members of the institutional field. (p. 592)

Minkoff's observations have application to higher education organisations as, in Australia and elsewhere, public universities are generally not-for profit organisations with strong regulation via state and national government's legislation relating to form and function. Their legitimacy is underpinned by a national regulatory definition of the term "university" which is set out in the regulator's (TEQSA) higher education standards, and their resourcing is substantially dependent on public funding.

The significance of the role and importance of public funding reinforces a second theoretical construct known as resource dependency theory and illustrates the strong linkage between it and neo-institutional theory.

3.3.2 Resource dependency theory:

Pfeffer and Salancik (1978), amongst others, developed resource dependency theory. The theory posits that all organisations operate in an environment involving interactions, exchange and engagement with other organisations. The scarcer the resource then the dependency on transacting an exchange is high. According to the theory, organisations can manage these external dependencies by a range of strategies such as, joint-ventures; partnerships, targeted governing board appointments; political advocacy and lobbying etc. Australia's universities are still substantially dependent upon government funding for undergraduate teaching and for research. Some are strongly dependent upon external revenue from international fee-paying students. Most have taken a variety of actions to improve financial strength and reduce dependencies, for example by increasing endowments and donations, develop commercial joint-ventures and spin-off companies. A dependency relationship still exists, but the depth of that relationship varies across institutions.

3.3.3 Other theories

In addition to the concepts discussed in the previous sections there are other theories that are part of the governance discussion. For the purpose of this thesis they only need to be defined as a more detailed discussion is not required.

a) Agency theory

Agency theory asserts that the key function of the principal (e.g. board of directors; government) is to serve as a monitoring mechanism, to keep self-serving managers or institutions (the agents) in check and result in increased value for shareholders or stakeholders. Where principals and agents are governance actors (e.g. university councils as principals and Vice Chancellors their agents; government as principles and universities as agents), agency theory is used to develop solutions to problems that arise where the interests of principals and agents are not aligned or in conflict.

b) Stewardship theory:

Stewardship theory asserts that managers will not engage in self-serving behaviour but will rather act in the best interests of their shareholders or stakeholders.

c) Stakeholder theory:

Stakeholder theory asserts that managers should make decisions that take account of the interests of all stakeholders in an organisation, because its long-term value maximisation can only be realised if stakeholders' interests are met.

The above analysis provides a guide as to understanding how the governance-organisation relationship may work and the potential influence of different governance levers and other tools on the behaviour of the organisation. It provides insights as to how the actors may and do respond to different stimuli depending upon their relationship to the organisation. Such analysis tools provide feedback to the organisation as to the efficacy of its structures and processes. Institutional governance is about steering "through interactive processes towards collectively negotiated goals" (Ansell & Torfing, 2016, p. 32). The elements discussed in Chapter 2 that need to be considered in developing a good governance approach (e.g. engaging stakeholders; resourcing etc) are affected by the institutional structure, as these affect decision behaviour (ibid). As Weick (1976) noted, university structures can be seen as loosely coupled and such a form impacts on the structure of decision processes and the impact of governance levers generally. The governance and operating structures are strongly linked, and the theoretical constructs discussed above provide us with a useful organisational analysis tool and "design instrument" (Ansell et al, 2016, p.33).

3.4 Concluding remarks

The preceding sections examined the use systems thinking and various typologies of systems theory and their relevance to designing and understanding the governance arrangement of the higher education system and universities. I noted that the concept of higher education as a system is a relatively recent phenomenon.

Using a systems approach, Clark and others have analysed higher education systems to understand how the systems and the various stakeholders respond to governance mechanisms. Clark's analysis identified three main actors in higher education – the state (governments), the market (the broader external environment comprising a range of stakeholders such as industry and students) and the academic oligarchy (the academic profession as a whole). Clark saw these three as the actors exerting the most power within the system. However, it was discussed that the academic oligarchy's influence has waned over the decades post Clark, as the state has exerted a greater influence in pushing higher education to be a

more market – focussed sector and consequently, the influence of the market has increased.

Using a system thinking approach and examining some of the common system typologies, I concluded that higher education is best identified as a complex adaptive system with additional attributes from the open systems and cybernetic system typologies. Being a complex adaptive system requires those charged with governance of the system (the “superstructure” level) to ensure that there is in place the various system sensing mechanisms (feedback loops etc) that inform them how the various actors are responding to the different governance instruments. It was made clear that without those sensing mechanisms, and without understanding how the various actors respond, the efficacy of the governance approach is compromised, and this will limit the achievement of the purpose(s) of system.

The chapter discussed the application of organisation theories to universities. By analysing universities as organisations using neo-institutional theory and resource dependency theory, governance actors at the system and institutional level can estimate and evaluate how the university is influenced by and responds to the changes within its environment (the system), thereby providing feedback, a critical element in system theory, to policy makers and senior management on the efficacy of various policy, resourcing and other steering actions. Thus, university governors can observe at the “middle structure” or organisational level how the university has responded to various steering mechanisms. It enables them to assess how other actors in their system have responded to system level governance instruments and adjust their behaviour accordingly.

Finally, I briefly discussed how agency, stakeholder and stewardship theories have played an important role in analysing behaviour of individuals (mainly managers) in organisations and how they respond to various steering mechanisms (such as incentives, policies and decision-making structures) is critical to the effectiveness of those mechanisms.

4 SETTING THE SCENE

Having established the theoretical and conceptual base of the thesis, the next three chapters look at the evolution of the university and the more recent development of the concept of a higher education system (this Chapter), identify and analyse the challenges facing the higher education sector and universities in the 21st century and revisits the concept of the “purpose” of higher education (Chapter 5) and then, an analysis of the challenges facing the governance of the Australian higher education system and its universities (Chapter 6).

4.1 A short history of the university

From its beginnings in the 11th century, the concept of the university was described as a “community of scholars”, but over time that changed to a community of teachers and scholars (Smith & Langslow, 1999). Higher education as a term referred to the “higher faculties” of theology, law and medicine (Rashdall, 1936, p. 4).

From the literature (Rashdall, 1936; Rüegg, 1992; Scott, 2006; Thomas, 2010), it is clear that most scholars share the view that the “social institution of the university only arose through the confluence of particular economic, political and social circumstances pertaining to particular cities of Europe”. (Ruegg, 1992, p.12).

Rashdall (Rashdall, 1936) points out that an appreciation of the different academic and organisational backgrounds and paths taken by developments of the universities of Paris and Bologna is critical to understanding the emergence of the university as an institution (p.17), as they “obtained a development and importance possessed nowhere else” (p.15). The Masters of Paris (and the students of Bologna) influenced the creation and development of other universities.

Different models of association, governance and education systems evolved in Bologna and Paris, most probably due to the political conditions in existence at the time. (p. 92). For Paris and areas north of the Alps, the “trade union” or “Guild” model was the dominant model with the teachers (known as “Masters”) in charge. In Bologna, the model that was created had the students in charge and powerful student bodies developed which were responsible for hiring teachers, setting curriculum demands and developing strong political support to enforce their rights. It is worth noting that the membership of these student guilds was limited to “foreign students” i.e. students who were not citizens of Bologna. At this time, non-citizens

had no rights, and thus foreign students were at significant personal and financial risk in travelling to Bologna to study. Accordingly, the foreign students formed an association for their mutual protection and to negotiate their rights whilst they studied and resided within the city (Rashdall, 1936; Smith & Langslow, 1999).

In the United Kingdom, Oxford University developed using the same governance model as Paris. Paris and Oxford were both focussed on preparing select students with the intellectual skills and knowledge to enable them to take up service of the Church and State (Thomas, 2010). Under their governance model the Masters took the initiative creating their own special status; fostering political support for their position and developing the curriculum and setting the exams (ibid).

Although power at both Paris and Bologna vested in different groups, there were many broad similarities in the governance infrastructure that emerged. Both universities developed statutes that governed behaviour; set standards and created positions such as the Rector – a role that was common within member-based organisations such as guilds, and not limited to universities. Over time different terminology morphed into a common language around roles and functions within the university.

The increase in student numbers was a driving force in the construction or acquisition of buildings (Rüegg, 1992). The Universities of Oxford and Cambridge played a key role in the future development of the university and higher education systems across the then new world and more latterly the British Commonwealth.

Ruegg (ibid) at p.38 explains that although there were many variations on a theme (single discipline to multi-discipline; student and master run colleges) the main defining feature of the university was that it was a federation model linking diverse disciplines, teachers and students.

In the nineteenth century, Cardinal John Henry Newman and Ludwig von Humboldt were the two major influencers on the development of universities. Newman viewed the purpose of the university as a place for teaching “universal knowledge” (Newman, 1976), whereas von Humboldt espoused the concept of the university being a centre of teaching and research. The von Humboldt approach gained much favour during the 19th century in Europe and the United States. During this period a large number of new universities were established with many, particularly in the UK, founded upon an approach to the discovery and application of science to support economic development (Thomas, 2010).

The early universities were predominantly supported by the church, but as nation states evolved, they took more interest in universities and increased their influence in their establishment and operations. The influence of the church waned and by the mid-19th century the state was playing the more significant role (ibid).

The early decades of the twentieth century saw government interference dropping away and state funding aid formalised. The university's purpose seemed to be well established as to "engage in scholarship, to advance knowledge and to train young minds in a non-vocational way" (ibid).

In the second half of the twentieth century, most western higher education sectors embarked upon a significant transformation from being an elite access model to a government policy driven mass access model (M. Trow, 1972). The concept of a higher education system developed at this time.

A major outcome of this transition was that higher education was pushed into the centre of the governments' social and economic agenda. More universities emerged, and vocationally focused institutions were given permission/incentivised to transform into universities. In Australia the number of universities expanded during the late 1980's and early 1990's.

At this time, the traditional university made way for what Clark Kerr (Kerr, 1963) called the "multiversity" – a "pluralist amalgam of different functions, serving different constituencies and lacking a single purpose" (Thomas, 2010).

As the 20th century progressed, universities became larger and more complex. New administration structures emerged to cater for their daily needs plus the professionalisation of the academic faculty, with a strong "disciplinary consciousness emerging and the formation of academic departments" (Smith & Langslow, 1999). Keohane, in her chapter in Smith & Langslow (ibid), remarks that faculty developed a greater sense of responsibility and pride which manifested itself in the development of an "alternative source of institutional authority" (p. 55), which I interpret as the start of a new approach to governance, moving away from personal authority towards a more organic institutionalised form.

By the end of the twentieth century, the global explosion of universities comprised the traditional with newcomers that focussed more on teaching and learning than research. This created a higher education system that, at the time, was characterised by universities with a "diversity of mission" (ibid). The dominant driver of this rapid expansion had been the "institution's role in knowledge, based

on the idea that developing educated people and generating new ideas drives national economic growth and prosperity” (Coaldrake & Stedman, 2013, p. 12).

4.2 The changing higher education environment

Ruegg’s (1992) comments opening this chapter that the development of the early university “only arose through the confluence of particular economic, political and social circumstances” (p.12), are still applicable today. There is now another set of economic, political and social circumstances which have combined to raise questions as to the form and shape of the current university and higher education systems, their sustainability and their business model.

As we near the end of the second decade of the 21st century we see the result of massive expansion in higher education globally, with the creation of many large and complex comprehensive universities, competing and collaborating across broadly defined higher education markets. In the emerging regions of the world, Asia and Africa in particular, we are well down the track of seeing vast development of higher education progressing alongside increased global economic influence. This emergence is relevant for higher education, which in the past thirty years has seen western universities and systems increase their dependency on international students’ tuition fees, primarily from Asian nations, to sustain their systems.

Higher education is transitioning to a “post public era” (Pick, 2008), as drivers such as the push towards a market based approach, internationalisation, the reform agenda of governments and the financial constraints on the public purse, transform the higher education landscape. It is becoming harder and harder to mount the argument that higher education is substantially a “public good” and that the public universities occupy such a special place in the sector or society. These pressures appear most starkly in the education (teaching and learning) mission of higher education. The debates centre on the purpose (or mission) of higher education and, as discussed in Chapter 2, purpose provides the foundation for governance.

The other major mission of universities, their research mission, is still significantly dependent upon funding from the state, and this is common for most higher education systems across the globe. It is unlikely that governments will retreat from this position. Globally, different countries are investing in and developing their higher education research systems. Developing economies in Asia, Africa and South America are investing heavily, if not unevenly, in higher education research and innovation. In Australia and other western economies, research funding is contestable, and the quantum of funding is under pressure. Priorities for funding of research are focussing on research projects that are more industry focussed and

more readily translated into economic benefits. This funding environment has important ramifications for the governance of the sector/system and its universities.

Such observations find much support in the current research literature. Peters (2002b) observed that “(f)undamental to understanding the new global economy has been a rediscovery of the economic importance of higher education and structural shifts in the production of knowledge” (p.147).

In an earlier paper, Peters (2002a) noted that “guided by neo-liberal theories of human capital, public choice, and new public management, Western governments have begun *the process of restructuring universities, obliterating the distinction between education and training in the development of a massified system of higher education designed for the twenty-first century*” (p.17) (my italics).

At the beginning of this century, Australia connectedness to the rest of the world was strong and “affected by powerful global forces driven by demographic change, economic development in the Asian region, continued fallout from the global financial crisis, structural changes in developed economies, ongoing technological transformations and environmental challenges and disruptions.” (Coaldrake & Stedman, 2013, p. 1). The new global environment and our connectedness has enhanced our knowledge but, as Coaldrake & Stedman (ibid) notes, increased our awareness of what we do not know.

Today, universities are not only centres of knowledge, learning and research, but complex communities in which people engage, live, compete, collaborate and face a variety of ethical challenges. Knowledge has blossomed from its base in the founding disciplines of Arts, Theology, Medicine and Law into a panoply of disciplines and sub-disciplines – many with significantly more vocational (training) focus, such as business, commerce and administration - emerged as disciplines in the 20th century. Flexner (1930) bemoaned this development nearly a century ago, as moving away from the fundamental nature of the university.

Harris et al (2005) note that universities operate in a world of rapid growth in populations, significant transformative technological change and rapidly changing social and political demands for life and work skills, which are targeting higher education institutions as the primary developer and deliverer of these skills. The higher education sector has transformed, primarily driven by a significant increase in focus by government on the sector, as an engine of economic and social change. The issues confronting higher education can be summarised by a need to revisit,

redefine and restructure the key fundamentals that make up the sector and its institutions.

Sharrock (2007) observes:

...on every front the boundaries are being redrawn: between the university and the economy, between the public and private sectors, between department-based academic disciplines and interdisciplinary modes of knowledge work, between academics and administrators, even between teachers and students. (p.46).

Nevertheless, despite the impact of these trends, universities “are expected to create knowledge; to improve equity; and to respond to student needs ... more efficiently. They are increasingly competing for students, research funds and academic staff – both with the private sector and internationally.” (Altbach, 2011; Coaldrake & Stedman, 2013; Harding & Harrison, 2015; OECD, 2003). Altbach et al (2011) described these trends (similarly to Sharrock) as inevitable and requiring nations and their higher education systems to cope with what are the “key realities of the twenty-first century” (p.7). From a system and institutional governance perspective, the shape and design of higher education systems and universities and the tools adopted by governments and university leaders to steer the system and their institutions to achieve purpose/mission become critical if these challenges are to be addressed and desired outcomes attained. The form of organisation known as the university is now contestable. Lacy et al (2017) cited one academic leader forecasting that: “I’m not at all confident that the university or anything like its current form will be here for even 20 years” (p.2).

The Preamble to the 2016 draft of the “Auckland Declaration on the Purpose of the University in the 21st Century” is informative of the current thinking. It states:

Universities are increasingly expected to be drivers of global knowledge economies, and for this reason have been evolving their relationships with an array of governmental, public, and private organisations. These changes are modifying the social contract between government, society, and higher education. The results of these conventional reforms include additional missions, new organisational complexity, excessive administrative costs, increasingly precarious academic labour, difficulties with funding basic research, and dilutions of educational quality. Current reform policies threaten to reduce the social benefits of universities at a time when their social benefits must increase.

Another important contribution to the current debate is the 2015 Snowden paper published on behalf of the Canadian Association of University Business Officers (“CAUBO”). Key points from that paper are:

- Degree granting authority is the “glue” that binds the main activities of teaching, research and service; and produces graduates and research.
 - Since the late 1990s or so, institutions have taken on added responsibilities to realize the Innovation Agenda and become much more central to the social and economic wellbeing of the city, region, province, and country.
 - Universities have an expanded mandate where they are expected to be everything to everyone and be the social and economic catalyst – this expanded mandate carries with it added costs and high expectation.
- (Snowdon, 2015)

Peters (2002a) observes:

Increasingly, the emphasis in reforming the university institution has fallen upon two main issues: the resourcing of research and teaching, with a demand from central government to reduce unit costs while accommodating further expansion of the system, on the one hand, and changes in the nature of governance and enhanced accountability, on the other. (p. 26)

Marginson (2008) makes a similar observation noting the more holistic impact of change on systems and institutions:

At the same time there has been a partial and often voluntary convergence across the world’s research universities...– parallel evolutions... such as the corporatization of public institutions, an enhanced role for private sector institutions, the part pluralization of funding sources, the professionalization of executive management, the emergence of quality assurance, greater autonomy in academic matters for universities in many nations (pp. 2-3)

Another important development is the drive by western governments globally for higher education systems and their member institutions to be more accountable and auditable. This performance and conformance requirement affects the process and practice of governance at both system and institutional level.

Borden (2012) makes this notable observation about the emergence of data and its use in decision making and organisational learning. He notes access to data and information are key variables that play critical roles in developing and delivering effective governance in higher education institutions. Governing agents

at both system and university level require that data be converted into useful and useable information. This information is one of the key sensing mechanisms discussed previously that enable systems and organisations to monitor performance and adapt accordingly.

The breadth and depth of the literature on this modern market-oriented transformation of higher education is significant. There are many and varied viewpoints on this phenomenon. Many see it as a paradigm shift with positions strongly rooted in a traditional and cultural view of higher education developed by reference to traditional view of purpose and values. It is arguable that these views have evolved from a mythology or ideology that has become a comfortable reference point to define a purpose that appears to deny the realities of how higher education systems have adapted and evolved. Harding (2001) talks of this view in alluding to a “golden age” for universities. However, she then concludes that if such an age did exist it was more a blip on the radar than an epoch.

Katz & Benkler's (2008) summary encapsulates much of the foregoing:

The themes that pervade this history until the 20th century are scepticism, expertise, physicality, expansion, influence, resiliency, empowerment (self-governance), place, and craft...by autonomy and by the separation of utilitarian and non- utilitarian education... and more recently, the university mission and organization were enlarged to recognize the intimate and complex interplay of instruction and research.

Along the way, higher education's gates swung wide open as societies and individuals came to understand the importance of knowledge in the production of national wealth and social mobility. While the modern college and university retains certain medieval aspects and forms, its adaptability and persistence do not arise out of inflexibility. (p. XIV)

Boggs, Elsner and Irwin (2017) noted that the drive to expand accessibility to post-secondary education saw institutions evolve with varied missions, levels of qualification and nomenclature where “(T)heir evolution has been shaped by the societal needs that have emerged in various regions, political and economic pressures, and the visions of leaders” (pp.97-98).

The challenges referred to above are many and varied. The OECD paper on Tertiary Education for the Knowledge Economy (OECD, 2008) breaks these challenges down into domains. The analysis covers the OECD defined tertiary

education system* but its insights relate to higher education as defined in this thesis. The OECD analysis is set out in the Table 4.1.

Table 4.1 OECD Challenges facing tertiary education

DOMAIN	MAIN CHALLENGES
Steering tertiary education	• Articulating clearly the nation's expectations of the tertiary education system • Aligning priorities of individual institutions with the nation's economic and social goals • Creating coherent systems of tertiary education • Finding the proper balance between governmental steering and institutional autonomy. • Developing institutional governance arrangements to respond to external expectations
Funding tertiary education	• Ensuring the long-term financial sustainability of tertiary education • Devising a funding strategy consistent with the goals of the tertiary education system • Using public funds efficiently
Quality of tertiary education	• Developing quality assurance mechanisms for accountability and improvement. • Generating a culture of quality and transparency • Adapting quality assurance to diversity of offerings
Equity in tertiary education	• Ensuring equality of opportunities • Devising cost-sharing arrangements which do not harm equity of access • Improving the participation of the least represented groups
The role of tertiary education in research and innovation	• Fostering research excellence and its relevance • Building links with other research organisations, the private sector and industry • Improving the ability of tertiary education to disseminate the knowledge it creates
The academic career	• Ensuring an adequate supply of academics • Increasing flexibility in the management of human resources • Helping academics to cope with the new demands
Links with the labour market	• Including labour market perspectives and actors in tertiary education policy. • Ensuring the responsiveness of institutions to graduate labour market outcomes • Providing study opportunities for flexible, work-oriented study

DOMAIN	MAIN CHALLENGES
Internationalisation of tertiary education	• Designing a comprehensive internationalisation strategy in accordance with country's needs • Ensuring quality across borders • Enhancing the international comparability of tertiary education

(* NB. The OECD definition of a tertiary education system is by program rather than by the offering institution. Universities are one of the institutions offering some of these programs and thus it is assumed that the challenges identified for the system are relevant to the university.)

Governance at system and institutional level is reflected in the first domain: steering tertiary education. The OECD picks up on some key governance issues already identified in this thesis, such as clarity of purpose and using governance levers to influence rather than control (e.g. McGee & Edson, 2014, p.132).

Some of the governance mechanisms and levers employed by policy makers, leaders and stakeholders can be found in the other domains. Although a discussion of the academic career is not part of this thesis, in governance terms it should be part of a more considered and enlightened discussion by university Councils. How to engage key stakeholders, such as academic staff, and how it frames its workforce strategy and structure. Values and traditions, especially those of academic staff, are important elements informing Councils appropriate engagement of academic staff as part of the decision making and governance processes. In Australia, under most of the University enabling legislation, all employed staff (academic and professional/technical) are now defined as members of the university community and therefore create a key stakeholder group. This recognition of the professional/technical staff as members of the university was piecemeal in most of the original university legislation. The original concept of shared governance was limited to the idea of bringing management and academe together in governing bodies. Thus, in Australia, where all staff (academic and professional/technical staff) are now “members of the university”, they play a key stakeholder role in the 21st century university, and as stakeholders, good governance expects that they be actively and effectively engaged. This issue was discussed in more detail as part of the examination of the concept of shared governance in Chapter 2.

4.3 Concluding remarks

In this Chapter I have examined how the university has evolved from an elite collegium of scholars to engines of economic and social development. This

transition was initially slow, but the post world war two period brought significant leaps forward across the globe, somewhat contemporaneous with the transition away from the industrial economy to the knowledge economy. Universities and higher education have played key roles in these transitions as well as being significantly influenced by them both economically, operationally and culturally. The concept of the higher education system evolved (as discussed in Chapter 3) and research emerged as a key part of the university mission, driven by a range of government post war priorities.

Globally, a broader concept of higher education systems developed. During this period the system transitioned from an elite access system through to a mass access system, with a trajectory towards a universal access system. Trow (1972) noted the transitions during this period and provided an accepted set of definitions of what is meant by elite, mass and universal access. He noted that this transition process was accompanied by many other internal and external changes that affected the traditional values, customs, practices and norms of the higher education sector. This period saw massive growth in higher education participation, access, breadth of education programs, academic and institutional focus across higher education globally. The transition from elite to mass has and will “raise questions central to the issue of the nature and functions of higher education”. Further, Trow(ibid) noted that expansion was more an extension of functions, activities and institutions rather than the “disappearance of the old” (ibid, p.102).

With growth has come a range of economic, social, and cultural challenges for higher education which the OECD have clearly outlined in Table 4.1 and which consequently create challenges for the governance of the system and universities.

The next two chapters will elaborate on several the broader environmental changes to higher education. Chapter 5 will examine the global context and Chapter 6 will examine the Australian higher education context.

5 HIGHER EDUCATION AND UNIVERSITIES IN THE 21ST CENTURY

5.1 Universities and the knowledge economy / knowledge society

Contemporaneous with the massification of higher education was, as described by philosophers such as Bell (1973) and Lyotard (1979), the commencement of postmodernism and the post-industrial era. This transition heralded the beginning of the knowledge era and the evolution of knowledge driven societies. The phrase “knowledge is power” (economic and social) summarises this new era.

Knowledge is the business of the university and is the foundation for its business model. Knowledge has many characteristics that underpin structural and strategic thinking in universities. Clark (1983) identified four key characteristics of knowledge:

- its specialised nature;
- the increasing autonomy or independence of specialised knowledge from other specialties;
- the discovery of knowledge is an open-ended process; and
- knowledge is scaffolded upon the previous work of others over long time periods.

These characteristics, when understood, provide the basis for how higher education systems and universities have formed and developed. The picture painted above is the development of expertise across and within numerous areas of specialisation, many of which are defined post-hoc because of the process of academic inquiry. The knowledge economy thus, takes the fruit of the knowledge development and transmission activity of the university (and other forms of higher education institutions) and converts it into economic goods and services; develops markets for it and creates a vocational focus for it (ibid). The historical basis of the university form is around the grouping of tasks and workers according to “bundles of knowledge” (p. 16).

Universities are organisations designed to develop and transmit knowledge through research and teaching. In the abstract to his book, Temple (2012) notes that there are “complex connections between knowledge creation, the knowledge economy and higher education today”. Importantly, this transition to a knowledge economy, coupled with the emergence of ubiquitous ICT and the market-oriented

policies of governments that encourage competition, has combined to see new competitors and paradigms enter the traditional business of the university. These changes question whether the existing governance arrangements, which were developed in a different era, can adapt to this changing environment.

The monopoly that did exist is no longer under threat but has been lost. Gilbert (2000) saw this loss as “the greatest single revolution that has faced universities in 900 years” (p.32).

The loss of its traditional monopoly on knowledge provision does not change the fact that the university is an institution enabled and sustained by knowledge (Patel, 2006, p. 20). However, it can no longer be seen in its pre-knowledge economy role of “preparing young people to think freely and independently, and where the fundamental values of western civilization and culture were passed down from generation to generation.” (Audretsch, 2014, p. 315).

Coaldrake & Stedman (2013) observe:

Knowledge is vastly more diverse, complex and contested than ever before, and public funding for universities is under even greater pressure. This does not mean that universities will become obsolete, after all they have shown considerable adaptability before, but will be increasingly easy for what has been built up over the past half a century to be steadily eroded by inter-sectoral zero-sum competition for resources, changing philosophies of public financing, and competition for credibility and relevance. (p. 13).

The creation and dissemination of knowledge is but one part of the higher education environment but, as discussed, it is now operating as a competitive market where universities are no longer the sole competitors. Stakeholder interests have become more prominent and the university and the system more complex and comprehensive. Addressing these changes with a traditional approach to governance would appear to be fraught with problems.

In addition, the proliferation of information (and data), advanced information technology systems and tools, knowledge storage, and analysis technologies and applications, has helped drive the demand for knowledge workers in many industries. The economy is still fundamentally a function of the demand for, and supply of, goods and services. Knowledge has evolved into both a good and a service and now plays a role in the production process through the expertise of knowledge workers applying their skills and training to capital. Cader (2008) notes that universities are one of the social organisations playing a pivotal role in

“information or knowledge based economic development” (p.119) with their role being seen as the generation, storage and dissemination of knowledge. This view is supported by Peters (2002b) who sees the focus on the relationship between “higher education, human capital and knowledge production” (p.137) as the basis for the restructuring of higher education systems to drive growth and productivity. Cader’s (2008) observation does not foresee the university having a role in the application of knowledge in the production of goods and services. But such an observation is somewhat at odds with the current political view in Australia and elsewhere, that universities should become more entrepreneurial in commercialising their intellectual property and research as well as engaging more collaboratively with industry. This “potency of knowledge” has been a key factor in driving a new mandate for the university through “directed research with specific and concrete commercial applications as the goal” (Audretsch, 2014, p. 316). This is the foundation of the entrepreneurial university. In different countries, the application of this concept varies, but there appears a general agreement on what it means.

Peters (2002b) asserts that in terms of this kind of representation of the knowledge economy:

the traditional liberal university is considered to have both advantages and disadvantages... On the one hand, many reformers believe that universities are well positioned to take on new forms as genuinely globally economic institutions; on the other hand, universities are often seen as too big and cumbersome to operate efficiently or quickly enough to take advantage of changes in the international marketplace. (p.146)

The fundamental impact of the knowledge driven economy is a new paradigm that sees education no longer being limited to your years as a student, but becoming a lifelong pursuit requiring a continuum of development and learning to maintain skills currency (Todose, 2008).

However, despite these external factors impacting on higher education, there has been debate as to the economic and other benefits of higher education. Scholars such as Audretsch (2014), Peters (2002a, 2002b) and Cader (2008) observe that, until recent times, the economic impact and role of universities in the economy was at best modest. The economic model of the time was the application of labour (unskilled) to physical capital to create goods and services. Knowledge production, use and dissemination was excluded from the model (although implicitly part of the

process) and still seen as resting with the social and political elites (Audretsch, 2014).

Even so, the transitions to the knowledge economy/society is a significant factor that has changed the paradigm which underpins the current forms and approaches to governance in the university and higher education system level.

5.2 “Mission” or “Purpose” – current issues

The importance of “purpose” in governance design and the concept of the purpose of the university are discussed in more detail in Chapter 7.

Katz et al (2008) commented that historically, “from their inception, universities and colleges have mixed three missions. Instruction, research, and service have always been intertwined” (p.5). The discussion about the purpose(s) of universities has been around for decades. In 1958 Caplow and McGee (1958) noted that “It is not at all easy ... to determine the fundamental purposes of a university or the relative importance of different activities in contributing to those purposes” (pp. 1-2). However, the changing environment in which higher education and universities operate is pressuring the historical foundations and positioning of universities. Peters(2002b) observes that “the combined pressures of globalisation, managerialism and marketization have stripped the university of its historical reference points and threatens to change its mission permanently” (p.138).

The following statement of purpose from Dawkins (1988) is a useful summary:

Higher education has much to contribute. It is a primary source of the skills we need in our cultural, artistic, intellectual and industrial life. It acts to gather and preserve knowledge. It promotes greater understanding of culture, often at odds with majority attitudes and, in doing so, supports the development of a more just and tolerant society. (p. 7)

Universities understand that they have multiple purposes (missions) and act accordingly. At the system level the issue is mired in the political rhetoric driven by, in Australia at least, concerns about financial sustainability. Reflecting on the first domain in the OECD list of challenges (refer Table 4.1), clarity of purpose or purposes is a pre-requisite to developing governance arrangements and addressing issues of sustainability and alignment between the system and the universities.

For organisations in the not-for-profit sector, such as universities, mission or purpose is a “clarion call” to engage staff, donors and volunteers (Powell & Steinberg, 2006, p. 591). Powell & Steinberg (ibid) comment that “while mission

serves as organizational purpose or compass, non-profits are also buffeted by environmental contingencies and challenged by external mandates” (p.592). Evidence supporting the above observations can be seen in university marketing and fund-raising plans and brochures.

There is a consensus of views that higher education and universities perform a critical strategic, social and economic role within national economies and that (mainly western) governments are driving this repositioning (Peters, 2002a; OECD). Researchers in higher education, sociology, management, governance and economics (such as Peters; Drucker; Marginson; the OECD, Shattock, Goedegebuure, Sharrock, Meek, Readings etc.) have all provided important insights along these lines. The transition to a knowledge driven economy and the evolution towards a society underpinned by learning and knowledge has (re-) opened for discussion and debate the fundamental purpose of higher education.

Universities have been pushed and pulled to engage other sources of income, due to the financial constraints on the public purse which have been building over the past decade or so. Coupled with the more vocational policy approach of government to higher education, the purpose or mission may have lost its appeal as a clarion call and may have become mere rhetoric (Marginson, 2016). Whether this push has fundamentally diminished the public interest view and the role of higher education is contestable. Although Marginson's analysis is focussed on the United States, many of the policy and cultural issues identified as driving a repositioning and re-thinking of the role of higher education are applicable to other western countries higher education systems, including Australia.

Part of the re-assertion of the importance of universities, especially the research university, within the knowledge society, is exemplified in this quote from Meek & Davies (2009):

Researchers contribute to informed debates and to critical reflection, not least in higher education. Indeed, national research universities constitute centres of excellence and act as hubs for national research development. The research-based university has the capacity for research training and can “reproduce its own capacity” while also supplying qualified analytical competence to other institutions. ...Furthermore, the local research community stimulates and takes part in innovations which contribute to societal change and economic growth. (p. 30)

Similarly, the UK government policy statement from 2009 noted that “Our universities.... are the foundation of our knowledge economy.” (Temple, 2012, p. 1)

The transition of society and the economy from an industrial base to one driven by the production, storage, dissemination and application of knowledge reflects on the traditional role and purpose of the university as a knowledge producer and disseminator. Therefore, as Audretsch (2014) states, “the role of universities in the economy shifted from being tangential and marginal to playing a central role as a source of knowledge” (p.316).

There is a view that the knowledge economy is subordinate to the state (Peters, 2002a), and if such a view is accepted then the position of education within the knowledge society can be viewed as a right, and education can then be looked at “as a basis for social inclusion and informed citizenry” (p.26). However, universities are examples of the now common intermeshing of the public and private sectors and public and private interests within a nation’s social and economic fabric. This is a new space for universities and a new challenge for policy makers seeking to re-position the university. The numerous government reviews and inquiries, in Australia and elsewhere over the past fifty years, identify the political and social struggle to re-interpret the role of the university (ibid). Governments with the now dominant vocational/utilitarian approach to higher education and the role of universities, are positioning the private benefit of a university education as equal to, if not greater than, the traditional view of it being primarily a public good.

The world does not stand still, and as with the transition from industrial to a knowledge-based economy, so is a key element of the knowledge economy itself being transformed by the digital revolution. The emergence of the digital platform economy and a networked society is gaining momentum as the next significant disruptive trend. Also known by labels such as the “creative economy” or “sharing economy”, the digitally based new economy is “provoking reorganization of a wide variety of markets, work arrangements, and ultimately value creation and capture” (Kenney & Zysman, 2016, p. 61). Companies including Uber, Google, LinkedIn, and Airbnb represent this new economy. How does this transformation affect post-secondary education generally and higher education specifically? It is too early to tell, but if part of the purpose of higher education is to prepare the next generation for a more ambiguous world of work, then the impact is likely to be significant as will be the opportunities.

The arrival of digital platforms in higher education as a novel means of knowledge production and transmission is not new. MOOCs (Massive On-Line Open Courses) and the Khan academy are but two examples of the use of digital platforms for transmission of knowledge. Kenney & Zysman (ibid) note that “platform firms are transforming industries by connecting “producers” with customers in new ways.... displacing or threatening existing, often regulated, service providers...” (p.63). The higher education sector and its providers are not immune to digital disruption. The digital platform is expanding the footprint of the individual university from a campus-based institution to a boundary-less, virtually enhanced provider. The governance challenge has moved from local to regional to national to global, depending on the aspiration of the institution. What this means for the skills required and the expectations of the governance actors of these new universities is playing out in real time.

5.3 The external environment

As noted earlier, the external environment in which higher education systems and universities operate is raising challenges that are re-positioning them within the communities they serve.

Harding & Harrison (2015) summarises the current position:

Universities worldwide are being challenged to be more focused, efficient and effective to meet the demands of a globally situated, technologically enabled, higher education market place. Governments are increasingly applying the rhetoric of markets to higher education public policy as they seek to enhance research and higher education as essential platforms for a knowledge economy. For their part, universities are engaging a business enterprise focus to ensure survival in the context of resource scarcity and frequent change in their operating environment. (p.5)

What is clear from the extensive research on this subject, is that the university is now a much larger and more complex institution and its role in the economy and cultural life of their communities has gained more importance. The perception of the purpose of the university by policy makers, politicians and the public has changed. As noted earlier, this change of perception is evidenced in the strong emphasis on utilitarianism in the overall policy approach to a university education, and an increasing focus on accountability and performance. It is arguable that there has been a failure to promote better understanding of the academic and research principles that underpin the university, and to reflect on and appreciate the long-term value of the education provided. In their place has been an emphasis on the

cost and the treatment of universities as more like a business. (Bok, 2013; Rowlands, 2012; Shattock, 2013)

Yelland (2012) in reviewing the Douglass, King and Feller book “Globalization’s muse: universities and higher education systems in a changing world” published in 2009, discusses the relevance of “the world’s leading economies developing a “structured opportunity market” in higher education, through “deregulation, a focus on outputs, flexibility in provision and delivery” (p. 671). Even though their book is focussed on the United States system, this lens into higher education provides an additional insight into the issues facing policy makers and higher education leaders worldwide. The strategies to address these challenges will be different depending on where a country’s system is in its evolution, the local structures and the aspirations for the sector and higher education generally. Their thesis does assist in the explanation of the various policy adjustments implemented and to be implemented in the Australian system, as the federal government attempts to define a coherent policy position driven primarily by concerns about immediate financial sustainability issues that will influence long term system and institutional governance.

The elements of the changing external environment of higher education have been researched and analysed from different perspectives. Several common themes have emerged. The West Report into Higher Education Funding and Policy (West, 1998) identified early on the following forces for change:

- a reduced government fee structure,
- an associated shift of power to the consumer,
- increasing international competitive exposure,
- changes in the technology of production and consumption, and
- computers lowering marketing costs and the provision of customer services, whilst also promoting greater access to and a better quality of learning. Back-end systems will be automated and learning systems will be increasingly Web-based.

Published around the same time, the UK White Paper (Department of Trade and Industry, 1998) complements the West Report view. The White Paper identified “four mutually re-enforcing processes” that underpinned the importance of knowledge. The four processes were:

1. Information and communication technology
2. Increased speed of scientific and technological advances

3. Global competition
4. Changing demand, tastes and attitudes to leisure driven by rising prosperity.

Borden (2012) described the challenges facing the higher education sector and institutions as “a vexing array of issues that are challenging historically autonomous and collegial modes of governance and operation.”

Boggs et al (2017) surmise that “(t)he common thread across the countries studied is a realization of the necessity to prepare their people for a changing, increasingly complex, technologically driven, and interdependent global economy”(p.95).

Alan Gilbert, a former Vice Chancellor of The University of Melbourne (Australia), saw a higher education revolution “driven by mass demand, the imperative for continuing professional education in a global knowledge economy, and the enabling consequences of revolutionary information technologies and telecommunications” (Gilbert, 2000, p. 32).

Katz & Benkler (2008) summarises the meta issues as: “four disruptive forces are bearing down on higher education at this very moment: unbundling; demand-pull; ubiquitous access; and the rise of the pure property view of ideas” (p.14).

Although expressed in different terms, most of these issues have appeared in the research over many decades - for example, Ross (1976), Trow (1972, 2005), and the range of Royal Commissions and Government reviews across Australia, the United Kingdom and the United States as well as the 2008 OECD report.

Trow & Burrage (2010), in their consideration of the problems of higher education transitioning from elite to mass to universal systems, commented that “(t)he rationalisation of academic administration is a reflection and a product of the movement toward mass higher education, but it is not neutral toward other forms of higher education. In this respect, it works against the diversity of the system that is also a characteristic - indeed, a central defining characteristic - of mass higher education. And this creates a dilemma...” (p.103).

Dill & Beerkens (2010) identify the “lack of connection between academic cost, access and quality” (p.4) as another challenge facing policy makers. Further, they observe that the lack of concrete measures of quality of outcomes in higher education means that the policy discussion is not as evidence-based as it should be (ibid).

Marginson (2016) observes: "Governments pursue two broad strategies to build a stronger research subsector. One strategy uses competition to drive differentiation and concentration in existing top institutions ("rewarding quality"). The second strategy is to build new capacity in old or new institutions identified by government ("picking winners")" (p.75).

What is becoming apparent is the homogenisation of institutions and systems with common policy and strategic tools used by governments and institutions exemplifying a "one size fits all" approach.

These observations identify sub-elements of the broader challenges facing higher education and its governance. For example, the research to date strongly indicates that for countries with higher formal participation rates in higher education there is strong economic growth, but it is accompanied by growth in social inequality (Marginson, 2016). This apparent failure of one of the purposes of higher education raises issues as to whether the purpose/mission of higher education needs to be reviewed, and consequent upon that, whether the governance and policy tools adopted at both the sector and institution level are still apt.

Marginson (ibid) comments that "the social and economic meanings of higher education are primarily determined...in the interactions between the higher education system and the constantly changing social, economic, and political context in which it takes place" (p. 177).

Another challenge identified in the literature is the apparent drift away from one of the fundamental purposes of higher education as the intellectual development and formation of the student toward the view of students as consumers. Alternatively, it is arguable that the issue may be more a re-positioning of focus on the student as the main receiver of education and the most notable output of the university. Part of this trend has identified the perception of a compromise in academic rigour in teaching, learning and assessment, to minimise attrition and maintain strong graduation rates keeping the student/customer happy. As Arum & Roksa (2011) explain, the reduction of emphasis on intellectual development is due to a shift in the focus of authority between faculty and students. It is common in the higher education media and research that the issues of lightening of study load and generous marking regimes are indicative of the need to cultivate student satisfaction, to support academic careers and the university brand: both of which are impacted by satisfaction surveys. Although not strongly pertinent to this thesis, the issue is complex and complicated. There are other perceptions and perceived realities, such as the re-evaluation of the social and economic value of higher

education (as already discussed) and the incentives and other metrics that drive the behaviour and focus of academic staff, that play into this complex environment.

These perceptions of the changing performance expectations of universities and the push to a more customer and market-oriented approach, combine to create a myriad of variables that governments and universities need to address. The tools and other levers that governments and institutions employ to address these challenges affect their ability to steer the sector and institutions towards achieving their missions. Governance, and how it is practiced, is at the heart of the decisions to address the challenges.

Katz et al (2008) summarises the position more eloquently when considering the future direction, relevance, operation and existence of the university.

The elephant in the room is the question: If a 300-year-old institution like Encyclopaedia Britannica can be threatened in five years by Wikipedia, can other aggregators of expertise (aka colleges and universities) be similarly challenged? Similarly, if knowledge and talent are now globally understood to be the sine qua non of the Information Age, then can colleges and universities lever their communities, reputations, credentials, and presence globally? And, finally, how does the new channel cut by information technology change scholarship? Does the existence or accessibility of new tools, instruments, and resources change academic practice, and how do changes - or constancies - get socialized? (p.vc).

Gilbert (2000) noted "...the contemporary educational revolution offers universities opportunities for adaptation just as surely as it confronts them with dire threats if they persist with business-as-usual" (p.35).

The following sections look in more detail at some of these trends.

5.3.1 Globalisation

Globalisation is relatively self-defining and its impact, positive and negative, across economics, politics and cultures has been researched at length. For universities, Lewis (2013) defines globalisation as being more the "global competition for prestige" and that there are substantial consequences for universities in the "global flows of information and resources that are now possible because of increased physical, economic, and social connections between countries" (p.2). It is the impact which is of interest in looking at governance.

Peters (2002a) observes that the impact of globalisation is that "the grand narrative of the university, centred...on the cultural production of a liberal, reasoning, citizen

subject, is no longer credible” (p.141). The Dearing Report on Higher Education (The National Committee of Inquiry into Higher Education, 1997) described the impact of globalisation on higher education as the realignment of three key and interrelated higher education functions (knowledge, labour and institutional function) and that this realignment has contributed to the reframing of knowledge for its utilitarian value rather than as an end in itself” (p 147).

It is apparent, therefore, that globalisation is playing a significant role in manipulating and driving higher education at the system and institutional level. Globalisation is driving the need to make some critical decisions around system and institutional structure to accommodate the consequences of this and other trends.

However, the current political environment is seeing globalisation itself being questioned. BREXIT in the UK and the questioning within the USA of the benefits of global trade and relationships, are examples of the direct challenge to globalisation. For universities, the questioning of the benefits of globalisation may play out in the attraction of international students; migration issues relating to recruitment of international academic staff; transnational education and access to transnational research collaborations - many of which, to some extent, have been part of the higher education landscape since the formation of universities. Within the Australian context, the financial and reputational impact of any impediment to a smooth interchange of students and staff from other countries, would be significant.

Dzisah (2012) noted that “Globalization, as described by Levin (2001), manifests itself in organisations such as higher education institutions through production processes, technological innovation, and dependence upon these innovations” (p.252).

5.3.2 Digital transformations and the networked economy

As identified in the discussion on systems, we are now operating within a highly connected and networked world. This trend is much more than technological expansion of information and communications technology (ICT). It is much more the transformation in the means and methods of communication that ICT has spawned. It is all about the level, breadth and depth of human connectivity driven by ICT.

Patel (2006) observation that “technology has historically been the reason for setting up an organisation (e.g. car manufacturing, telecommunications company)

and the means by which those organisations are enabled and sustained” (p. 20) has applicability to higher education institutions. Technology is both an enabler of competition to universities and an ally to better position them in this competitive market.

The world is connected virtually and physically. Sharrock (2007) uses the term “hyper-connectivity” as the outcome of the rapid expansion and penetration of the advancement of ICT. The current generations of humans are what Negroponte (1996) calls the “digital natives”. They were born with ICT at their fingertips and their childhood learning and communication has been via the technological innovations of the time. Technology continues to enable rapid and significant transformation of organisational structures and relationship processes via the creation of virtual networks and channels – disrupting the traditional paradigm of human and organisation communication.

Benkler (2008) observes that “the networked information economy and society present a new social, technical, and economic environment within which the university functions” (p.1). Katz & Benkler (2008) summarises this as “continuous, rapid, technology-based change, along with persistent, simultaneous efforts within the academy to both embrace and combat it, has become an assumed feature of our universe - like the existence of the university” (p. ix).

Digital disruption is a potential game changer for universities. In my interviews, the impact of technology on pedagogy, operations and competition was acknowledged as a set of significant long-term pressure points on the Australian higher education system. In the Lacy et al (2017) survey, respondents to the issue of technology impact on the sector commented that: “The digital realm penetrates everything: how people access information; how people see the many different ways they can interact with one another; how they receive services; how they can themselves interact with services” (p. 4), and that “(T)echnology is going to change the nature of both our interaction with students and the nature of the higher education system” (ibid).

Similarly, they later note that:

...technology and digitisation have had a huge impact on higher education and that is shaping society but it is also shaping education in society and it is shaping the way in which higher education is not only delivered but it is shaping how higher education is used, perceived and understood. (p.41)

Technological transformations are ubiquitous and “geographically unbounded” (ibid) and create the “promise and challenge of the truly global higher education community – and market” (ibid). As in other areas of business and society, technology is challenging traditional beliefs, cultures and values within the higher education community. It is driving strategic change and changing the balance of power within and outside universities, and thus “affects the nature and meaning of the relationships among institutions, faculty, students, alumni, and government” (ibid).

“Being Digital”, to use the title of Negroponte’s 1996 book, is now the new paradigm. The question arises: How does this challenge influence the governance and leadership of the sector and its institutions? Or as Katz & Benkler (2008) pondered: “What is the role of the institution in a world where individuals are empowered to seek solutions anywhere in the network cloud?” (p xiv).

5.3.3 Competition with and between universities

The current higher education environment developed by the combination of changes over the past fifty years, has seen the emergence of a more competitive higher education sector across the major educational service areas of teaching and research. This new competitive environment drives system and institutional strategic thought and is driven by a government strategy “which recognises that higher education is the industry of the future and the key to countries competing successfully in the global economy” (Peters, 2002b, p. 21).

Competition is manifesting itself in a range of activities in addition to the quest to improve rankings. Competition is apparent in marketing plans of universities that highlight achievements in student recruitment campaigns; employability outcomes; industry connections; scholarships etc. Bok (2013) states that competition can encourage dubious practices, but it is “surely unwise and unworthy to test the limits, for trust, reputation and self-respect are assets of great value that are hard to restore once they have been lost” (p.138). Managing within this competitive environment is a governance (and leadership) challenge that is at the forefront of the minds of many sector leaders.

5.3.4 University Rankings and Prestige - striving for competitive advantage

Aligned with the development of a more competitive higher education sector is the rise of university rankings, reputation and prestige as key measures of a university’s brand. Reputation and prestige are part of the competitive positioning of universities. Enhancing and protecting of the brand have become an important

strategic goal of universities; a key element of a university's strategic positioning within the broader higher education system and influences how, and with whom, it interacts or collaborates and/or competes with. Boggs et al (2017) and others have noted that within the system there is still a strong sense that prestige is most highly represented amongst the long-standing universities and as the research shows, prestige is a key strategic driver of universities.

5.3.4.1 Rankings

Lewis (2013) sees rankings lists as “signalling” three important aspects of higher education today:

1. This is a global game of being the best as well as being the best at home
2. Competition is crucial and a “higher ranking means beating the others in some sense”
3. It supports reputation building and increasing the attractiveness of the university to academic staff and “marketing to students” (p.1).

Rankings have become a key metric for creating what has been termed the World Class University (WCU). A WCU means a globally ranked institution.

Ranking outcomes provide impetus to assertions of prestige and reputation and market positioning. Clark (1983), before the global rankings game emerged, identified the influence of markets in higher education. Clark identified three markets relevant to higher education: consumer, labour and institutional. In relation to the latter two, reputation is the currency of the market – the main commodity of exchange. He noted: “Relative prestige not only guides the consumers and labor markets but also institutions” (p. 165).

Hazelkorn (2008) noted that the emergence of rankings has created a “strong perception among university leaders that rankings help maintain and build institutional position and reputation, good students use rankings to “shortlist” university choice, especially at the postgraduate level, and stakeholders use rankings to influence their own decisions about funding, sponsorship and employee recruitment” (p 195). She then expands on this by observing that governments, students and industry now use rankings to identify institutions with whom they wish to engage or support. Examples of the importance of rankings in strategic planning in Australia can be found in the University of Sydney's 2016-2020 Strategic Plan which notes: “Our international rankings reflect our *reputation*

for global leadership in research and education.” (The University of Sydney, 2016, p. 13) (*my italics*)

Similarly, in the University of Melbourne strategy document, entitled “Growing Esteem strategy 2015-2020”, its Melbourne Vision talks about being “consistently ranked among the top 40 universities globally” (The University of Melbourne, 2014, p. 5).

There is common ground amongst the researchers in this area that the rankings themselves are flawed. However, this has not detracted from institutions developing strategies to achieve success in raising their position in the rankings as indicative of progress in improving the quality of their outputs in key areas of research (mainly) and education. However, if the many commentators and researchers are correct and the various ranking systems are inherently flawed, then, are decisions based upon those rankings also fundamentally flawed? At the system level, the drive for a world-class system is noble but if the indicators (rankings) used to achieve this goal are flawed then I am of the view that the flaw becomes systematised, with the consequent negative impacts on policy development.

5.3.4.2 Prestige and brand

Brewer, Gates & Goldman (2002) in their book “In pursuit of prestige: strategy and competition in U.S. higher education” identify four revenue markets where universities “compete and cooperate” (p.3). Although focussed on the US environment, the four areas are present within the Australian system. They are:

1. Student enrolments;
2. Research funding
3. Public funding; and
4. Private donations

Brewer et al identify institutional governance arrangements as a source of “strong pressures to invest in prestige” (p.141), with prestige seeking seen as a strategic choice which, along with reputation, institutions invest in.

Universities can and do compete in all or some of these markets. Reputation and prestige are “non-price assets that allow institutions to convey non-price information to customers” (p.27). The authors define prestige as more “inward looking”, with a focus on “acquiring the trappings of the most prestigious

institutions” (p.28). They define reputation as the ability of the institution to respond to customer demands and demonstrate satisfaction of those demands (ibid).

Norton & Cherastidtham (2014), in relation to the Australian context, similarly discuss prestige as a signal of standing, and to potential students and prospective employers, prestige matters. Rankings are part of the prestige componentry, as is fee (price) point positioning and the Australian Tertiary Admission Rank (ATAR) - the ranking process for school leavers based upon the results in their last year of secondary school (ibid).

Building or enhancing prestige is reflected in decisions to direct resources to hiring of high-profile staff; investing in significant infrastructure etc. The pursuit of prestige is not a recent phenomenon. Riesman (1958) discussed the “nationalization of prestige” (p.56) as an outcome of the great success of American higher education. He noted that “one cannot say that there is a single recognizable system of prestige” (p.34). He noted that isomorphism had become extensive as institutions directly imitated their more prestigious competitors as well as their “general social patterns” (p.36) i.e. institutional homogenisation. These observations are from sixty (60) years ago and focussed on the USA higher education environment, but those American traits have globalised over the past half century.

Another significant observation by Riesman (ibid) which still plays out today, is the strengthening nationalisation tendencies of higher education institutions, and with that tendency, the growth in complexity(ibid) of those institutions. This national approach is contrasted with the original parochial, state or community foundations of most universities in the United States and elsewhere.

The prominence of brand management within the sector is, as indicated in the strategic plans, now part of the lexicon of higher education strategic planning, academic staff recruitment and broader community engagement. Marketing and positioning of the institution vis-a-vis local and international competitors is now common. Brand has become a significant risk factor for the university governing boards to manage. It is part of the terminology of the policy makers. Terms such as “world class university system” are used as policy goals and rationales for managing the various levers available to the government in relation to steering and funding the higher education system – especially universities. Lewis (2013) cautions that “when these pressures tilt systems towards measuring outputs to ensure value-for-money, rather than encouraging diverse and innovative academic activity, problems arise” (p.2).

The pursuit of prestige and positioning in the competitive environment that now exists in higher education provision both locally, regionally and internationally is driving a distortion in resource allocation towards “tangible goals” (Bok, 2013, p. 390) such as student recruitment, improving student residences, hiring high profile staff and growing research rather than improving teaching and learning and graduate outcomes.

Marketing and brand management plans are focussed on supporting the prestige push which adds additional internal and external risks. In a highly competitive world of higher education prestige and brand management is a high stakes game.

5.4 The changing internal institutional environment

There are a variety of responses to the significant external trends influencing higher education that impact the governance and operations of universities as institutions. Within the Australian context, the impact of those trends is discussed in Chapter 8, where I analyse the answers from the interviews with Chancellors, Vice Chancellors (both current and former), researchers, government officials and university executives on the pressures confronting sector and institutional governance.

The following sections will consider some of the strategies adopted by institutions as part of a continuum of adaptation and response to the trends. I say this is a continuum, as the trends have been underway for many decades and the strategies to address them have had to change as trends conflate and/or move their impact to other parts of the system and institutions. As Sporn (1999) noted early on, many of these strategies are focussed on “quality, efficiency, access and cost containment” (p.15). That summary observation is still relevant today and plays a key role in the approach to institutional and system level governance. Sporn termed these strategic responses as “adaptive strategies” and ordered them under six broad categories:

1. University reorganisation;
2. Transformed leadership, management and governance;
3. Enhanced quality, program review, and evaluation;
4. Applied research and technology transfer;
5. Financial accounting and fundraising systems;
6. Personnel restructuring

The following institutional level trends have emerged.

5.4.1 Corporatisation and the higher education workplace

Under corporatisation, universities have become sites for the development of human resources (Peters, 2002b). The 21st century workplace is a significant issue for institutions to manage. The trends driving and influencing the development and delivery of higher education are reshaping its workforce and workplace as well as the working environment its graduates will enter. Trends such as generational attitude change, demographics, technology, changing expectations and globalisation are creating a volatile and uncertain workplace for staff and graduates. The changing workforce and workplace affect higher education at both the organisational level and at the program level. At the organisational level, universities are large employers and their ability to attract and retain quality staff (academic and professional/administrative) is a challenge. Retiring academic staff are not being replaced in sufficient numbers to meet student number increases. The workforce is becoming more casualised (Larkin & Neumann, 2012) and the traditional role definition of the academic is changing (Harding, 2001).

The human relations dimension of this is significant with a personnel restructuring process which identifies, in Australia for example, that close to half of university staff (the “professional/technical” staff) do not teach or undertake research, yet their work is critical to the work undertaken by teachers and researchers (Dobson, 2005). These staff are specialists, and many operate in the emerging role of what has been termed “the blended professional”. The work of Whitchurch (2008), Szekeres(2004) and Dobson (2005) are examples of the emerging research in this space and the impact of this cohort of professional staff (both specialist and generalists), in shaping the organisational structure, decision making, culture and power in the traditional university. Whitchurch identifies the emerging importance of these professionals in the achievement of university objectives. These professional staff have roles that have been entrusted with significant strategic and operational responsibility yet, until recently, they lacked legislative authority and consistent de jure representation in governance structures (Dobson, 2005). Their seat at the governance table is, generally, by invitation of the academic power base. Winter & Sarros (2002) identified the responses of academics to the emergence of the professional administrator and managerialism into these restricted domains of university power as a clash of cultures and values.

It is arguable that this is not reflective of best practice governance, where organisation members are key stakeholders and should be properly engaged in decision-making (Dobson, 2005; Edwards M. & Clough, 2005; OECD, 2003). The

rise of the professional manager and the blended professional (as described by Whitchurch, Dobson, Sharrock, Shattock and others), has brought to the fore a cohort of higher education staff that are highly educated specialists operating in the evolving space between the academic and the administrator, playing a key role in the development and delivery of education and research. These roles carry titles such as instructional designer, education software developer, business development, research administrator, quality assurance expert, accreditation manager. These roles are organisationally focussed roles, entrusted with responsibilities to support the academic program and facilitate connections between the institution with commercial and industry collaborators and develop online programs etc.

This segment of the university workforce is now formally recognised as part of the academic enterprise. It could now be argued that they are no longer the “invisible workers” as described by Szekeres (2004). As the higher education sector has come to understand more clearly the significant challenges it faces and the loss of its monopoly role in knowledge transmission and, to an extent, in knowledge creation (research), the university governing body and senior management may need to reflect more broadly upon its workforce strategy to enable it to meet its aspirations. Part of this reflection involves the industrial relations model currently in place; the career structure for all staff within the sector and the governance set-up within the institutions which, to date, have been fundamentally based upon the inherent primacy of the academic in the institution.

The traditional role of academic staff and the definition of academic work has been transforming. Peters (2002a) observes: “The university also needs to take into account the way in which the knowledge economy reconfigures academics as knowledge workers. Already, within the university the academic labour force has become much more differentiated, with the decline of tenure and the huge growth of contract and part-time academic labour” (p.31).

Similar issues and concerns were expressed by Harman (2003) and Harley, Muller-Carmen & Collin (2004).

The policy and stakeholder emphasis on the vocational/utilitarian purpose and strategy is reshaping the internal power paradigm, with a natural transfer of power to central management and away from the academic department (Benjamin, 2006; Boulton & Lucas, 2008; Winter, 2009; Winter & Sarros, 2002).

Trow (1972) observed, somewhat presciently, that the move to a universal higher education system “will place in positions of power and responsibility large numbers of academic men who are quite fundamentally opposed to the present organisation and structure of the colleges and universities and to the politics of consensus by which they have been governed” (p.68).

The traditional cultural norms and power base of the academic staff have been, and continue to be, under challenge from a range of external and internal stakeholders that have undeniable interests in the development and enhancement of universities.

5.4.2 Lifelong learning - broadening the student base

In Australia, and around the world, the term “lifelong learning” has manifested itself in a profound broadening of the prospective and actual student cohort. No longer is the university student solely defined as the 18-25-year-old school leaver. The demographics have changed significantly, and this phenomenon can be considered as both a driver of change and a response to the changes. Bok in his 2013 book, “Higher Education in America” (Bok, 2013) describes the new higher education student thus:

...these new audiences are not made up of students between the ages of eighteen and twenty-five.... They may be doctors or lawyers who come to campus for only a few days to catch up with recent developments in their field. They may be business executives or diplomats who will spend several weeks or months preparing for a substantial change in their responsibilities. They may be employees or housewives studying part-time to upgrade their skills or reinvent themselves for a different more rewarding career. Other non-traditional students are coming to university.... To learn something new or deepen their knowledge about a subject... Some are young adults.... Others are retired men and woman (p.145).

The university is not the only provider to this broadened cohort of students. Corporations, professional bodies, vocational providers (public and private) are all very active in this space. Much of this learning is mainly “not for credit” and single subject type learning.

The impact of this trend on sector and institutional governance is moot. This type of activity is for profit activity and additional to the normal workload of academic staff, who are the usual deliverers of these courses. This type of activity has high brand appeal and is strongly linked to the engagement agenda of universities as a

means of working with industry. For many universities (including Australian), the focus still appears to be on providing a recognised formal degree qualification.

5.4.3 Technology

Technology, more specifically the internet, has broadened the geographical reach of higher education and opened opportunities for education to be locally delivered to a global audience. Technology has not only opened new markets for higher education but created opportunities and challenges for the way education is delivered - a new pedagogy and andragogy has emerged. The technological revolution made available a wide range of possible futures for higher education and has provided universities with a platform to experiment in teaching and research. It is fertile ground for competitors to develop cost effective programs. The ability to experiment is a traditional and fundamental premise underpinning the purpose of the university. In the pedagogy space, the significant improvements in technology has seen this experimentation reflected in the growth of on-line delivery mechanisms (video conferencing; webinars; simulation-based learning) as well as the introduction of open and off-campus learning via such mechanisms as MOOCs (massive on-line open courses) and the creation of online universities. Bok (ibid) observes from the USA position, readily referable to Australia and elsewhere:

While experimentation of this kind is both admirable and necessary one might have expected... (it would) provoke a more spirited public conversation over the appropriate priorities and responsibilities of universities. What should the ideal university of the future look like? Who should it service, on what terms and with what educational purposes in mind? (p.164-165)

Technology creates many possibilities to engage more ubiquitously with a significantly larger and international student population. Those possibilities raise potential governance issues and provide input into the strategic planning and development of universities. At the institution level, the opportunities need to be addressed as part of the strategic discussion; fully evaluated and linked back to the fundamental purpose of the institution. At the sector/system level government needs to indicate that technology is one of the mechanisms to achieve its educational aims and needs to indicate that it sees such initiatives as driven by the university or other players or both. Bok (ibid) again provides this useful insight that “there is a possibility that financial pressures and other immediate demands will inhibit universities from responding imaginatively and wisely to the vast new

audiences that are now within their reach. Rarely has such a wealth of new opportunities existed for academic leaders and their faculties” (p.165).

5.4.4 Accountability and quality assurance (conformance and performance) – the emergence of an “audit culture”

This trend is highlighting the changing role of the state in steering higher education. Using Clark’s triangle of coordination (refer Figure 3.2) as an analysis tool, it is clear within mainly western higher education systems that the state is exercising its coordinating strength to push higher education much closer to the market position but, in what may be counter- intuitive, increasing its influence via the reduction in direct control and an increase in the use of other mechanisms focused on accountability and quality. In a concession to university autonomy, the state has mainly left it to the universities (and the system generally) to address accountability and quality by the most appropriate means at their disposal.

Government policy and stakeholder pressure are pushing the sector to be accountable. Accountability applies not only to financial accountability for public funds but, more recently, for education and research outcomes – a new phenomenon for the sector. Developing meaningful KPIs for education is an on-going challenge. This policy focus is pressuring the traditional governance approach, policies and processes, and the collegial norms that have existed within the sector. Researchers such as Weick (1976) and Harris et al (2005) for example, have highlighted the emergence of these issues over many decades.

5.4.4.1 Loss of the “public interest / public good” view of higher education - supremacy of the market

As established earlier, higher education is a complex sector and is now operating in a more complex external environment driven primarily by economic globalisation, new technology and policy change. Universities have a desire and need to strengthen their market position while meeting the regulatory and government policy agenda (OECD, 2003). In Australia and elsewhere, the sector continues to transition from a predominantly public funded system, that existed up until the early 1970’s, to a system with greater reliance on commercial income from tuition, commercialisation and other market linked revenue generating activities (Department of Education and Training, 2002).

Peters (2002b) notes in reviewing Lyotard’s 1979 essay on “post-modern thought” that “(I)n the realm of higher education policy the market has been substituted for

the state at every opportunity. Students are now “customers” and teachers are “providers” (p.144). This terminology is now pervasive.

Lyotard’s (1979) foresight in the commodification of knowledge identified the philosophical transition of the role, purpose and societal view of higher education. His views saw the rise to dominance in the politico-economic discourse of the utilitarian approach to higher education teaching and research which now underpins the approach of national governments. Lyotard (ibid) identified system thinking as impacting on the approach to knowledge creation and specifically considered the focus on “performativity” in research as one of the transformations in higher education brought about by technological change and the expansion of capitalism (ibid, p. 39). This approach is a neat abstraction of the current higher education environment that has challenged the previous modern Humboldt approach to the role and function of research, learning and knowledge creation – a view that underpins the traditional structures of the modern university (ibid). Lyotard (ibid) identified the foundations for today’s research policy which is also applicable to the broader higher education policy agenda observing that “... in the discourse of today’s financial backers of research, the only credible goal is power. Scientists, technicians, and Instruments are purchased not to find truth, but to augment power” (p.46).

Harding & Harrison (2015) note that “universities have moved from being an institution in society to an instrument of society”(p.8). As such, they have benefited in gaining a “negotiating platform to seek resources” (ibid), and higher education is now seen as a service rather than as a “social right” (ibid). The views of many other researchers such as Clark, Harding and Marginson, to name a few, argue that higher education is now seen much more as a private rather than a public good.

Thus, in Australia and elsewhere, there is a change in the public view as to the relative importance of the public interest purpose or public good of higher education. The personal benefit or private good of higher education is now seen as significantly stronger rationale for lessening of the share of financial support of higher education from the public purse and increasing the proportion of the cost to those who benefit – mainly students.

5.5 Responding to the challenges.

The foregoing sections can be summarised as an examination of the “trends” or “discontinuities” (Sharrock, 2007) that “have only emerged as significant trends in the last two decades or so. They have reshaped the conditions and assumptions of life and work in Australian universities” (p.42). Their impact is across the entire

higher education workforce. The effects evidence themselves in the changes to the concept and breadth of all university work as evidenced by “lower (academic) job security, resource scarcity, greater work intensity and limited opportunity... greater administrative complexity...and concentrate on balancing the resource demands of academic programs with a more challenging set of risks and constraints” (ibid).

What has emerged from the research are insights as to how the institutions, the sector and governments have responded up until now. The literature of the late 20th century was at the tipping point of the explosion of ICT and rampant globalisation, and thus some of the conclusions were speculative. That research laid the foundation and possible pathways forward. Clark (1998), Slaughter and Leslie (1997) and others developed alternative models to explain how universities had dealt with the significant changes to their external environment. Governments have tended to respond with a range of inquiries and reports (e.g. The Dearing Report in the UK (1997); the Hoare (1995) and West (1998) Reports in Australia are but a small sample) with a range of recommendations as to policy, financing and strategy which in a policy sense, appeared to have gathered dust. However, despite the above, the current government policy environment appears to focus solely on the financial sustainability. As economic policy across the western world is gravitating towards low tax initiatives, the public funding of public interest goals such as equality of opportunity in higher education are becoming harder to sustain. Coupled with a stronger policy focus on the utilitarian approach to higher education and a stronger push for more financial contribution from its beneficiaries (increasing the private benefit proportion), public universities are being pushed to identify new income sources to fund their various missions. In Clark’s triangle this is another indication of government coordination power pushing the system closer to the market.

In most western societies, university dependence upon public funding and the national regulatory environment have rendered them keenly responsive to the fundamental changes in government policy and its approach to system governance, even though they maintain strong levels of autonomy. Within this public-sector environment, the evolution of a networked society in parallel with the development of the knowledge society and knowledge economy, has driven a change in the approach to governance and what constitutes good governance.

The challenge for governance is to ensure that in place are the policy and process levers that create the environment for universities to train the workforce of the

future (students) and to facilitate universities to operate as knowledge enterprises within the new economic environment. Co-operation and collaboration between competitors will be a feature of the new economy – an activity that universities have been involved in for many decades. The recent Australian Commonwealth Government White Paper (*Reform of the Federation White Paper, Issues Paper 4*, 2014) indicated that for an enterprise to flourish in the knowledge economy, it needs a highly educated and skilled labour force and a regulatory environment that supports collaboration, competition, and open trade in goods and services. Such advice applies to the university as an employer as well as challenging the universities to provide a highly educated workforce as part of its purpose.

This evolution (or push) of the university to a new leading position within society comes with challenges. Audretsch's (2014) summary of the impact of this new role of the university in the United States is equally applicable to other nations' universities:

As the university has evolved from the purity of the Humboldt model, to the demands placed on it as first a source for knowledge fuelling economic growth and subsequently as a hothouse for technology transfer and start-ups, and finally as a leader for thriving in the entrepreneurial society, the complexity and ambiguity in the mission of the university has also increased. Perhaps it is the ability of the university to both adhere to its traditional strengths as well as adapt to the needs and concerns of society that has made it one of the most resilient institutions in society. (p. 320)

5.6 Summary

As discussed in Chapter 3, the higher education system and universities comprise a complex adaptive system (CAS) that is highly connected and responsive to its external environment. Universities are key actors in that system and how they respond individually plays a key role in how the system behaves and responds. This chapter has focused on the current trends and their impact on higher education's external environment globally. The external environment in which higher education operates has had a fundamental and radical paradigm shift in the last 60 years as indicated in Chapter 4. This shift has emerged in conjunction with the development of the concept of a higher education system during the same period. So, in this sense, we have entered a new era. Universities as individual institutions and actors have been positioned into this system by default and subject to all the system dynamics that come with being part of a CAS. The drivers of this change have been examined in this chapter.

From the foregoing section, there are three prime movers of this radical shift: the emergence of the knowledge society as the next iteration after the industrial society: they are globalisation, information and communications technology.

Higher education is now positioned as a key driver of national economic and social advancement and has been pushed or pulled into a more competitive, market-oriented environment. Politicians, policy commentators and the general public are taking more interest in the system, driven, in part, by their understanding of the enormous public cost and the heightened importance of higher education. They have taken or increased their roles as stakeholders in this new higher education system and as stakeholders their input into governance has emerged.

Globalisation has connected universities and the system to other universities and systems. It is arguable to conclude that the CAS boundaries have so expanded to include international universities and systems. However, CAS boundaries are porous, and globalisation has enabled the wider external environment to exercise influence on national systems. Rankings are an example.

Although the University governance arrangements and business model have remained fundamentally unchanged, one of the key outcomes from this radical change to the external environment is that the university is now a much larger and more complex institution operating in a much more public domain i.e. it is no longer residing on the edges of the social, political and economic discourse. It is a mass provider of higher education to society and a heavy consumer of public resources. Its student base is broader and is no longer limited to school leavers. Post graduate education has become a large part of the education offerings of universities. Research has exploded as a key part of the university and has become the basis of university branding and prestige as recognised through the recent phenomenon of rankings. The role of government as funder and regulator has, in Australia and the UK for example, moved universities away from their original roots and placed them in a national policy context. They have become resource dependent on government funds and more susceptible to policy whims. The priority of its purpose(s) are now contestable, and it is positioned as a significant part of the political and economic dialogue.

Despite the challenges, higher education systems have evolved and prospered. The view that universities were elite was a common view for decades but generally their role was only talked about at the boundaries of political and economic agendas. However, the literature indicates that during the 1960's and 1970's there commenced a conversation change as to the economic and social importance of

higher education which gained significant political support—unlike the conversations on the same topic in the earlier part of the 20th century. These discussions were more at the macro-economic and political levels and developed at different stages across different national higher education systems. The drivers, however, appeared to be common across all systems although their impact was staggered due to natural differences in the economic, social and political environments.

The external environment has driven broader changes to education philosophy through the various experiments with on line and other forms of distant education. The information revolution that emerged as part of the knowledge society and enabled by ubiquitous ICT, is creating serious hurdles for the more traditional view of education that the sector has had as its property for centuries. The value of the universities' currency, education, is under threat as the drive and need for lifelong learning coupled with the emergence of a new employment paradigm based around shorter and multiple professional careers, adds a layer of doubt to the traditional degree structure and content. This potential disruption to the sector's main activity is perhaps a much more transformative issue than the cyclical funding restructures. Additionally, whatever monopoly that universities had in the transmission of knowledge is under serious threat and challenge. There are "barbarians at the gate" in the form of the for-profit universities and other providers that are not constrained by either history, culture or form.

ICT has created threats to the traditional organisational structure of universities with innovations such as online learning potentially undermining undergraduate education. University business models and government funding are predicated upon undergraduate education and the structure of the bachelor degree. What has emerged from the research and commentary is that these challenges are confronting to the current structure and form of the higher education institution and drive the need for a critical re-appraisal of the model(s) of governance at the institutional and system level. For the staff employed in the sector who are key stakeholders and members of the university community, the impact of these environmental changes is playing out in the areas of career planning, engagement, focus and opportunity; the sense of loyalty to institution, profession and discipline; managing change, empowerment (or the loss thereof) and the changing concept of work.

The changes to the external environment lead to the question as to whether governance approaches and structures of the higher education sector and

universities developed under a significantly different cultural, economic, educational, social and political environment can still be fit for purpose. Despite these paradigm shifts, the university institutional model, values and its governance arrangements have remained stable despite significant shifts in the external environment. There is an implicit assumption that the “traditional” approaches are still fit for purpose in a significantly different and volatile higher education landscape.

The combination of the changes to the external environment and the increasing level of oversight and interest from a now larger array of stakeholders has seen universities adopt elements of governance and operating approaches much in common with large commercial enterprises. The Council of the university has a role akin to a company board with a range of challenges to manage, not the least of which is to reflect on their strategic direction and risk appetite.

Much of the research has considered the benefits of higher education to individuals and society and national and global economies: the public good – v- private good debate. This debate is intertwined with discussion about which purpose or purposes universities and the system should focus on. As a CAS, where the government plays a significant sponsorship role, the various incentives and governance steering instruments used to support a purpose or outcome play a key role in focusing the behaviour of the agents (the universities) in achieving the preferred outcome.

6 HIGHER EDUCATION IN AUSTRALIA

Unlike most of the European universities, Australia's universities did not evolve from the Church, nor from strong religious roots with senior religious leaders filling the Chancellor roles. In Australia the foundations of higher education in the 19th century were solidly rooted in a secular model (Sands & Berends, 2012, p. 293). According to the historical narrative on Australian tertiary education by Sands and Berends (ibid), the establishment of the Australian education system in the early 1800's was determined via a clash of minds, temperament and ideology between William Broughton and William Wentworth. Wentworth advocated a state managed system and that all education should be utilitarian and provide an education to "young people to earn their living using appropriately developed skills earned through the acquisition of what he termed "useful knowledge" (ibid, pp. 296-297). Broughton and others vehemently opposed this. They advocated an English church run and led tertiary education system, based on the Oxbridge model. Over time, the control of the church in early Australia gave way to control by the State in all things, including education. By the late 1840's Wentworth could pursue his vision for a university, the details of which were played out in the establishment of the University of Sydney. Although Wentworth's vision was not realised in full, the model used to create the University was based upon it being a secular institution. Religious instruction was "relegated" to the denominational colleges "clustered around this secular institution"(ibid, p. 299). Effectively, religious education was removed from the "core of higher education, and... dropped altogether" (ibid).

The opening words of the Act incorporating the new University of Sydney in 1850 were:

WHEREAS it is deemed expedient for the better advancement of religion and morality, and the promotion of useful knowledge, to hold forth to all classes and denominations of Her Majesty's subjects resident in the Colony of New South Wales, without any distinction whatsoever, an encouragement for pursuing a regular and liberal course of education....

At the governance level, this secular approach was evident in the restriction on the numbers of clergy appointed to the academic Senate. The University of Melbourne, founded in 1853, followed Sydney but went further in determining that "no clergyman could be appointed a professor and no professor could teach religious

subjects" (ibid, p. 300). The Preamble to the 2009 consolidation of the Act creating the University of Melbourne ("University of Melbourne Act 2009 ") states:

The administration of any religious test in connection with the obtaining of any "advantage or privilege" of the University was expressly debarred.

Elsewhere in the Preamble the egalitarian approach is highlighted:

The preamble to the University Act, 16 Victoria, Act No. 34 declared "...it is expedient to promote sound learning in the Colony of Victoria and with that intent to establish incorporate and endow a University at Melbourne open to all classes and denominations of Her Majesty's subjects..."

The development of other Australian universities followed the broader secular model developed with Sydney, but each state applied its local view of needs and objectives. For example, University of Queensland was founded in 1909 on a strongly utilitarian emphasis to support Queensland's position as a still emerging state. The university was expected to provide practical and not intellectual skills – a model of organisation more aligned with the mid-western state university model used in the United States of America, than with the Oxbridge or University of London models (Sands & Berends, 2012, p. 300).

Up until the 1940's universities were predominantly funded by the State in which they resided and were exclusively the state's responsibility. In Trow's terms, it was an "elite" system, State based, and State governed.

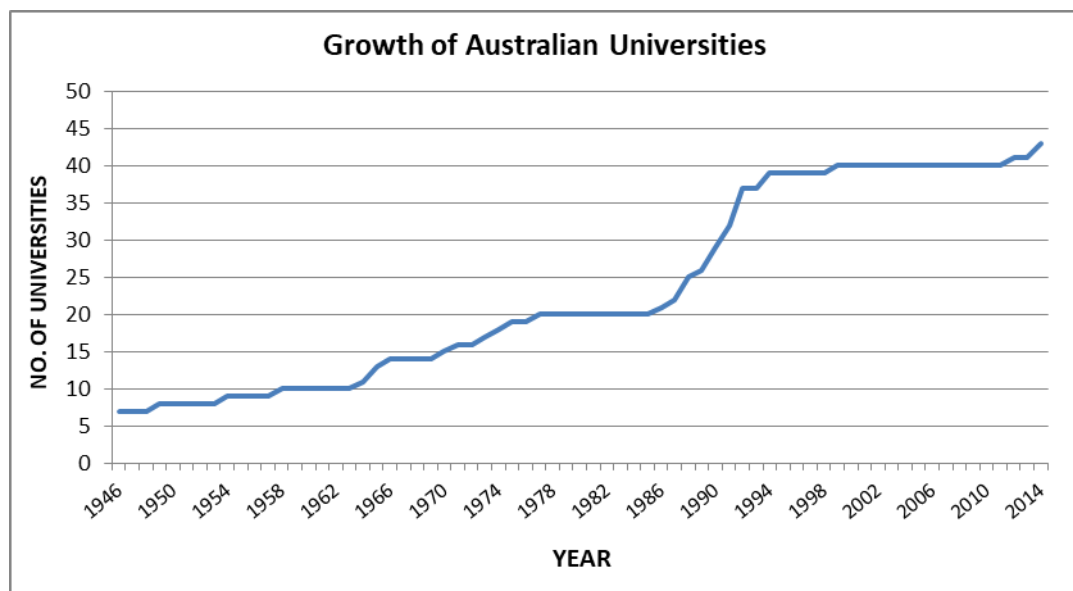
From 1940 onwards, the Commonwealth government involvement in the Australian higher education sector significantly increased (*Reform of the Federation White Paper, Issues Paper 4*, 2014).

The increase in the number of universities post-WW II was spring boarded by the inquiry into the future of the Australian universities, "The Committee on Australian Universities" (the "Murray Committee"). Set up in 1957, the Murray Committee recommended greater Commonwealth involvement and responsibility over the sector. The existing Grants system was replaced with a new method of calculating funding and the Murray Committee recommended greater Commonwealth involvement. Consequently, there was a shift to federal direction and funding and to "endorsement of and support for new universities and increases in the size of old ones.." (O'Neill & Speechley, 2011, p. 94). At the time, Australia was involved in a period of economic, social and demographic development and expansion, which was driving demand for higher qualifications. Davies (1981) identified in her Thesis that the rapid growth was driven by a combination of factors such as:

- the post war baby boom created more eligible children staying at school longer (due to increased economic prosperity providing the means for families to keep children in secondary education longer);
- more financial assistance to students entering higher education via scholarships and bursaries;
- expansion of employment opportunities for graduates;
- increased capital investment by the USA and Britain in Australia's manufacturing industries drove demand for a greater level of technical skills.

The rapid expansion of universities in Australia post WW II is highlighted in Figure 6.1. The dates of the formation of each of Australia's universities is in Appendix C.

Figure 6.1 Growth of Australia's universities



Source: Created by author from Australian government data contained in Appendix C

Following the Murray Committee, The Martin Committee of 1961 was formed to review the structure of the post-secondary education sector in Australia and the “disposition of component institutions” (O'Neill & Speechley, 2011, p. 95). What emerged from the Martin Review was a binary system of colleges of advanced education (CAE) and universities, which together created a “system” of tertiary (or higher) education as part of the broader education sector. The new CAEs were restricted to offering diploma level qualifications. Part of the aim of the Martin recommendations was to have the CAEs absorb significant percentages of the increased student demand in order to free up the universities to concentrate on research and research training (*Reform of the Federation White Paper, Issues*

Paper 4, 2014). It appears from the literature that it is at this stage in the evolution of Australian higher education that the terms “system” and “sector” emerge as a means of defining and encapsulating a range of policy and fiscal levers. Even in this period, one of the fundamental drivers for change was the current and predicted rapid increase in the financial costs of servicing the sector. This marked the beginning of the transition from an elite system to a mass education system.

From the 1960s to the mid 1980s the binary system developed, and the pressures grew as the Australian system migrated to a “mass” model. In Australia the binary system of higher education had higher education delivered by two types of institution, traditional universities as well as vocationally-oriented teaching institutions. With the growth in the mass model, the inevitable financial pressures, demographic changes and increasing demands for a higher education sector to better accommodate the social, economic and business needs of an increasingly affluent community. During this period, some key policy changes resulted in a significant increase in Commonwealth support. In 1974, the States agreed to the Commonwealth assuming full financial and policy responsibility over universities. Student fees were also abolished.

A period of continuing review and change in Australian higher education became the norm for the sector, primarily driven by the emergence of a strong “neo-liberal” agenda in the federal policy settings. As Pick (2008) neatly states:

In Australia, the change in the framing of policy is characterised by an intensification of an already existing neo-liberal agenda from prioritising the international competitiveness of universities (supporting national engagement with the global economy) to one that has a central theme of freeing-up the market in higher education. (p.11)

The neo-liberal policy approach to higher education was represented by a range of terms and phrases such as: diversity, internationalisation, student fees, creating a domestic higher education market, competition, rankings and deregulation (Marginson & Considine, 2000; Pick, 2008). Depending upon your ideological position, the Australian higher education system transformed to an “open and dynamic system that competes effectively on the global stage” (Pick, 2008, p. 14), or alternatively, at the other end of the spectrum, as Marginson & Considine (2000) note, that, in summary, such policies have resulted in Australian universities becoming increasingly vulnerable to problems associated with detached leadership, the erosion of academic cultures, centralised decision making, the thinning out of university communities, the endangerment of the valuable social

and cultural role of universities, and the development of universities that are more anxious and unstable.

A significant example of this neo-liberal approach in Australia came in 1988 with what is known as the “Dawkins reforms” (Dawkins, 1988), named after the then Commonwealth Minister of Education, the Hon. John Dawkins. The Dawkins package of reforms greatly expanded access to higher education, completing the movement from an elite system to a mass system, prepared the groundwork for the introduction of a student contribution to the costs of their higher education and facilitated the transformation of institutes of technology to universities. This transformation replaced the binary system that had been in place for many years with a unitary system where only universities delivered higher education programs. Colleges of Advanced Education transitioned to university status and institutions amalgamated, resulting in the creation of the “standard Australian university...-large, multi-campus, funded within a common framework, offering a mix of undergraduate degrees and professional qualification, aspiring to research greatness.” (Davis, 2004, p. 1).

The series of reforms included the creation of the HECS¹ system to create a student financial contribution to their higher education costs and sounded the death knell of free higher education in Australia. Later initiatives included the approval to offer full fee-paying places to international students, spawning a massive and still highly successful marketing exercise by the sector to attract international students and provide the opportunity for the Commonwealth government share of university income to be reduced and replaced with private money. Davis (2004, p 4) described this as “privatisation from within” and helped develop the entrepreneurial approach to running the university (Marginson & Considine, 2000).

The Dawkins system transformed tertiary education at the system and institution level. Expanding access was achieved via facilitating the establishment of more universities and opening more places for undergraduate students. These changes were coupled with a change in the funding mechanisms, which aimed to address anticipated public funding challenges. What emerged was a significant reduction

¹ HECS is an acronym for a: Higher Education Contribution System. In simple terms it is a system where the student pays a contribution to the total cost of their university undergraduate degree based on the discipline.

in the proportion of sector funding coming from government and the rise of managerialism (Davis, 2004; Marginson & Considine, 2000) as the sector sought ways to manage the risks associated of a reduction in public funding and an increased reliance on the newly created private market for education services. Australian public universities are now subject to the “vagaries of the market” (Davis, 2004, p.5) and exposed to market variables such as currency exchange rates, more local and international competition for the student market, diseases, war etc. in our target market countries.

In her chapter for the book “International Trends in University Governance”, (Shattock, 2014), Baird (2014) describes 1988 as “big bang events” (ibid, p.145) that domestically re-shaped the higher education environment in Australia.

The policy underpinnings to these reforms were clearly stated in the Policy statement (Dawkins, 1988):

Access to education is vital. Education is one of the principle means for individuals to achieve independence, economic advancement and personal growth. But in the past, the benefits of higher education have been enjoyed disproportionately by the more privileged members of our community. Those benefits need to be shared more widely and more equitably in the future. (p.6)

Also, at page 7:

Higher education has much to contribute. It is a primary source of the skills we need in our cultural, artistic, intellectual and industrial life. It acts to gather and preserve knowledge. It promotes greater understanding of culture, often at odds with majority attitudes and, in doing so, supports the development of a more just and tolerant society.

The Dawkins policy statement contained many such aspirations and identified challenges and dangers to the system such as excessive central control “stifling creativity, innovation and diversity” (p. 8). What has emerged from the Dawkins design is that Australian universities became “comprehensive i.e. offer undergraduate and post graduate programs, undertake both basic and applied research and have a relative homogeneity of mission.” (Lacy et al, 2017).

The governance challenges (at both the system and institutional level) that the reforms implicitly raised were not specifically alluded to. Dawkins implemented a system re-design with defined purpose(s) to re-shape the broader Australian tertiary landscape. The Policy statement signalled a withdrawal of “unnecessary”

government intervention by freeing up institutions to manage their resources but with a clear understanding that they would be accountable for their decisions and actions (ibid). A conformance and performance policy base emerged.

Dawkins attempted to prepare and encourage the sector to be more flexible in its financing, hiring and use of commonwealth funds to meet their and the commonwealth's national goals and priorities. A unified national system was born and the distinction between university and advanced education funding removed. Efficiency, consolidation, greater equity and access, improved institutional management, national priorities, targeted resourcing, performance measures; excellence and competition were to become part of the new deal for the sector. (Dawkins, 1987, p. 11).

In summary, 1988 saw the emergence of system governance at the federal level in Australia. (Shattock, 2014, p. 145). The decades following the Dawkins reforms saw higher education continue to be the subject of government reviews and system and institutional behaviours shaped by internal and external factors (Coaldrake, Stedman, & Little, 2003; Marginson, 2008). The main external influences on the sector were dominated by "purposive shaping by the federal government" and the "internationalisation of higher education" (Shattock, ibid, p. 147). Change was on-going and became the norm.

In 1991, the Commonwealth and States agreed that the Commonwealth would fund universities directly rather than through targeted appropriations to the States. In moving to this the Commonwealth relied upon two sections of the Australian Constitution: its "appropriation" powers in Section 81 and its "benefit to students" power in Section 51(XXIII A). (*Reform of the Federation White Paper, Issues Paper 4*, 2014).

Further deregulation occurred in areas such as recruitment of overseas students, post graduate education, easing of the caps on undergraduate enrolments and the permission to allow full fee domestic undergraduate enrolments. Additional quality assurance and student protection measures relating to overseas students were implemented through the Education Services for Overseas Students Act (ESOS) in 1997. During this period, there was a decrease in the percentage of Commonwealth government financial support (ibid).

From 2000 to 2012 there emerged a strong focus on quality, with the States and the Commonwealth agreeing to establish nationally consistent criteria and standards for universities and other higher education institutions (Universities). The

Australian Universities Quality Agency (“AUQA”) was established and further deregulation implemented with increases in the student contribution to fees and the creation of the postgraduate financial assistance program (“HELP”). In 2006 a critical High Court decision known as the “Work Choices” case (State of NSW & others v Commonwealth, 229 CLR 1) broadened the interpretation of the Commonwealth’s corporation powers to cover statutory corporations such as universities. This decision of the High Court can be considered the high point in the complete de-jure transfer of regulatory control over universities to the Commonwealth.

In 2008, the Bradley Review (Bradley, 2008) recommended the creation of a demand driven system, in order to increase access and participation in higher education. Many of the Bradley recommendations, such as the implementation of the student centred “demand-driven” funding model, a new student financial support program and a new quality assurance and accreditation regime with the establishment of the Tertiary Educations Quality and Standards Agency (“TEQSA”), were implemented and this became a significant initiative in driving the Australian system from a “mass” system towards a “universal” system of higher education.

TEQSA was formed in 2011, using the Commonwealth governments corporations power, to establish a national regulator - mainly due to the failure to achieve an agreement from all states for a national regulatory system (*Reform of the Federation White Paper, Issues Paper 4*, 2014).

The recent Reform of the Federation White Paper (“the White Paper”) noted that despite the funding change, there was no agreement to assign exclusive responsibility for the higher education sector to one level of government and thus the shared model remained (ibid).

The White Paper envisaged a period of more reform with the objective of moving the Australian higher education system toward a more market-based model with greater consumer choice (ibid, p. 44). This tends to align the policy direction with what is happening in many overseas higher education systems. This policy direction raises interesting and contentious issues for governance and reporting. It is apparent from the White Paper that there are governance and reporting overlaps relating to both levels of government in Australia, and the Paper raises as questions for discussion the specific issue of the continuing role of the States in university governance and reporting (ibid). This issue arose during the interviews and is discussed in more detail in Chapter 8.

6.1 Australian higher education in the 21st century

Australia's public universities are independent institutions provided with a high degree of formal autonomy. They are largely homogenous, but at the operational level differ in areas such as: breadth of programs offered; research intensity, the regions and communities served; campus set up; their international footprint and the range of online offerings (Shattock, 2014).

The many reviews of the sector referred to earlier "redefined the balance between public and private goods and prepared the ground for the more market like conditions in student learning" (ibid, p.147). The new public management (NPM) paradigm shift influenced higher education management and governance in the UK and then Australia. These reforms were underpinned by focusing on accountability for outputs and competition and efficiency in the use of public funds (ibid). Baird, in her chapter in Shattock's book, surmises that the state role has developed from a system steering approach to that of a "meta-governance of a marketised sector" role. (ibid)

An external view of the sector's health is provided in a recent report by Ernst & Young (Bokor, 2012). They noted the importance of higher education but opined that the current operational models are no longer fit for purpose nor sustainable. (ibid, p.4). Similar observations have been made about Canada and the UK sectors (e.g. Snowden, 2015; Harris et al, 2005).

The internationalisation of higher education has continued apace, and Australian universities have been highly successful in attracting a continuing flow of international students: being one element of the internationalisation of higher education.

The challenges to universities and the sector are internal and external, local and global. In Australia the sector now occupies an "uneasy space" (The University of Sydney, 2010) between the traditional collegial model of the university and the "market oriented" space that the sector is being pushed towards. It is strongly arguable that the sector is now very much operating within a market economy where its traditional monopolies are contestable in a competition based multi-player environment.

Australia's higher education system is at an interesting point in its development. Lacy et al (2017), in their recent report on a survey of higher education leaders in Australia, note that "the system is recognized for both its importance for the future of the Australian economy and society and as a leading global education provider.

However, major internal issues, as well as significant external changes, currently challenge the sector and must be addressed for its continuing success” (p.1).

Addressing these forces of change on universities will require leaders to find a balance between recognising the traditions that over time have proved useful and effective and are supported, with the need to implement changes that challenge the continued existence of some or all of those traditions and practices. The challenge is to shape and steer the business of higher education and find a course to implement change which manages to balance the need to acknowledge past successes and changes, whilst positioning the organisation in the present social and economic context. In a recent opinion piece, Stuart (2014) describes the Australian higher education system as a hybrid of competition and co-operation between the players, with a range of drivers such as rankings and branding underpinning the strategic direction of the sector.

The strategic direction of the sector appears to be seen as mainly a choice between living on past glories, out of touch with the current social context, or ignoring the past and implementing change without respect for strengths and traditions of the past. Ross (1976), over four decades ago, provided a summary of the challenge which is still pertinent today. He commented that “to follow either course exclusively is dangerous: one leads to gradual decay, the other to chaos” (ibid, p.3)

Similar sentiments were expressed by Marceau (cited in (Sharrock, 2007) :

we are trying to run highly complex and expensive multipurpose institutions using essentially mediaeval categories and organisational arrangements designed for a different purpose and in a different age... (in Australia) institutions...have been required to behave quite differently. But differently in relation to what task? The...question “what are universities for?” has not received the attention it deserves. (p. 53)

The Australian higher education system and institutions are now situated closer to the “market” point in the triangle (See 3.2.2 for a deeper discussion of the Clark “triangle”), with a still strong State role and a reduction in the power and influence of the academe (the academic oligarchy in Clark’s triangle).

Middlehurst (2013) observed that the ideological reform agenda, growing from the public-sector reform agenda, has been applied to universities since the 1980’s and includes policies designed to include “a reliance on market mechanisms, consumer choice and competition to drive quality and innovation in the sector” (p 5).

However, the government policy push to a more market-oriented position comes with its own risks for governments. Declining government financial input will reduce dependency on that line of funding and the less resource dependency may result in a reduced impact of the traditional government governance and policy levers. Thus, the power of the state to steer the higher education system may be compromised.

As we near the end of the second decade of the 21st century in Australia, we have large, complex and comprehensive universities, structured along similar lines and competing and collaborating across a broadly defined higher education market. It is arguable that the early perception of diversity of mission has waned and a more isomorphic approach has emerged.

6.1.1 Diversity and Excellence

Diversity and excellence are key themes for the Australian (and international) higher education sector as institutions and government policy seek to reframe the higher education system and its component institutions.

The apparent lack of institutional diversity in the Australian higher education sector is highlighted in the Lacy et al report (2017): “we have a flat system. All our universities are expected to be research universities. They are typically comprehensive across their disciplines. They all operate by and large under the same policy settings” (p.49). The downside is “that it does not offer the diversity that the nation needs. My argument then is differentiation of the system in Australia is important. We need teaching-only universities or colleges, but it is extraordinarily difficult to imagine how we get to that point because at the moment, to have the title university, you have to be a research institute” (ibid).

It is argued that this flat system is an unsustainable model with too many universities, with too many campuses trying to do the same thing. Any change will need to be “intervention by design or ... market forces” (ibid, p.52).

Diversity is positioned as a policy goal and as a competitive and reputational advantage. The diversity aspiration covers a broad range of system and institutional measures, including student demographics; admission criteria; staffing profiles; community engagement profile and research focus. The need for diversity within the system and between universities has been raised in numerous forums – the research literature; commentary and media discussion. It is an issue identified in the interviews with Chancellors and Vice Chancellors, but it is contestable that the Australian system lacks diversity. The issue, as noted in the Lacy et al (ibid)

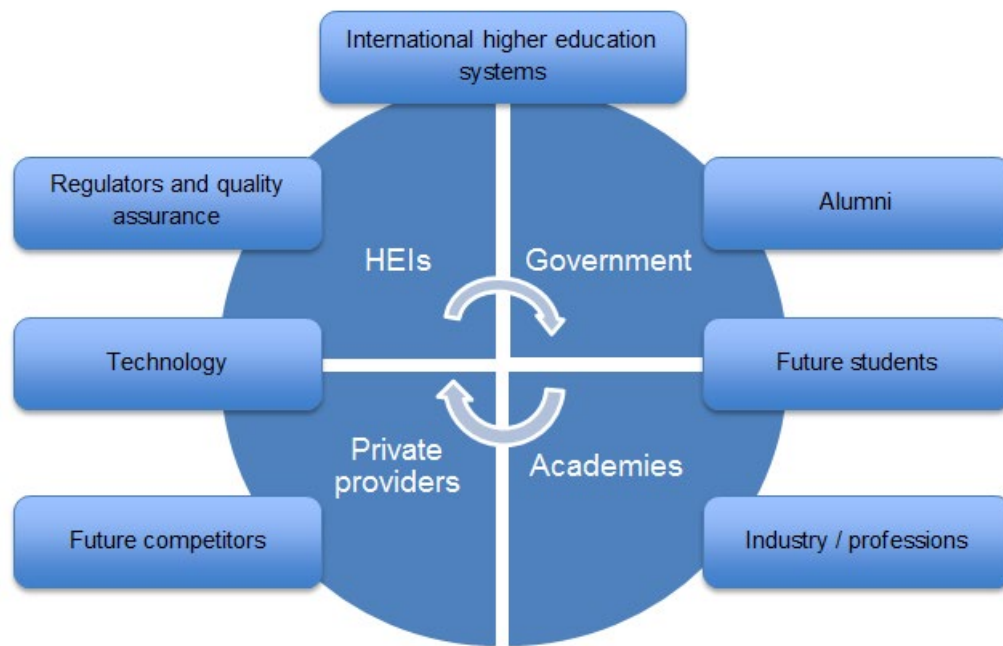
quote above, is that most Australian universities structurally look the same, are funded the same and seek to excel in all the same activities. However, the interview responses painted a different picture, highlighting that under the surface differences such as regional and geographic focus; comprehensiveness; research focus and intensity; engagement; student demographic; curriculum offering, and style of pedagogy, indicate a strong diversity amongst and within Australia's universities.

Excellence itself has become a measurement of strategic and reputational achievement as well as an intrinsic value. Readings in his book "The University in Ruins" (Readings, 1996) sees excellence as "the mantra" and "the last unifying principle of the university" but in Readings' view, excellence has become an accounting principle rather than a measure of value (pp. 21-35). Readings is not alone in taking this view that the university has moved from its ideal (however defined in the eyes of those wedded to it), to become primarily a developer of human capital (Peters, 2002a. p.141). There is long list of researchers and commentators highlighting the negative aspects of the changes to higher education over the last fifty years, who mourn the loss of their understanding of the higher education ideal. Even if this is not the direction to follow, the compelling challenge for the sector is to have in place a governance set-up that provides it and its institutions with the flexibility, capability and capacity to adapt and transform to address current and future challenges to higher education.

6.2 Australia's higher education system

My depiction of Australia's higher education system is in Figure 6.2 below. The centre quadrants identify the main influencers and actors in the Australian system who interact in a variety of ways to make the system work. The elements in the boxes on the outside represent the broader external influences on the system and have an interest in the outcomes and outputs of the system.

Figure 6.2 Australia's higher education system



In most countries, there is a higher education system – created either by specific design or as a means of describing the collection of universities and the policy approach to their governance and management. Systems are, or tend to, a configuration with some form of stratification of the institutions within the system.

Marginson's (2016) observation on higher education systems generally is applicable to Australia :

The tendency to stratification of institutions on the basis of unequal value is inevitable where there is inequality of wealth and status and social competition for a limited number of well-paid professional jobs. When institutions and students choose each other (rather than students being allocated places on the basis of location or by government decision), the primary stratification takes the form of bifurcation. (p.81)

The Australian system has institutional groupings such as the Group of Eight (Go8), the Regional University Network (RUN) and the Australian Technology Network (ATN), reflecting history, prestige, research intensity, geography, resources and wealth. Even with the stratification, the groupings themselves may constitute a sub-system within the broader higher education system. Stratification can emerge organically or be “constructed by policy, regulation, and resourcing.” (ibid, p. 82)

There is also the industry sector group called Universities Australia, which has the challenge of representing the interests of all universities and advocating for them despite the historical, cultural and geographic differences amongst the universities.

These collaborations and representative bodies play a role in determining how universities adjust to the resourcing and policy changes that are a significant part of the policy environment. The application of resource dependency theory discussed earlier, sees collaborations emerge to enable agents to negotiate better resourcing (funding outcomes). These responses relate not only to negotiating the changes in government funding but play a role when engaging with other actors such as unions, industry and the professional associations. These broad system wide relationships are then further leveraged by individual universities, enabling them to better influence resource providers. In systems terms, what is present are agents acting in concert to respond to external influences (e.g. globalisation) and the actions of other agents (e.g. government) to achieve outcomes.

6.2.1 The Australian public university legislative framework

There are significant levels of similarity in the legislation across the states, and over the past decade most states have embarked upon a review of their legislation. A short analysis of the various state legislative frameworks is set out below:

1. Victoria (Vic): all universities operate under the common legislative model (updated in 2009), which defines the Objects (or Purposes) of the University. For examples see Monash University Act 2009 and Deakin University Act 2009. The objects cover providing and maintaining high quality teaching and learning, to provide vocational education and training, undertake scholarship, research, consultancy, equip graduates to excel in career and community, serve local, national and international communities and public interest plus other Objects.

This is seen as good legislative drafting as Objects provide the basic foundation of the legislation and underpin the more substantive provisions of the Act (Berry, 2011). The substantive provisions are designed to support the achievement of the Objects and assist interpretation as legislation is usually interpreted purposively.

The Acts also provide for the creation of a Council as the supreme governing body and require that there be in place an academic board or similar body to provide academic governance. For Council there are fixed numbers of members with four government appointed members; an equal

number of council appointed members and official members being Chancellor, Vice Chancellor and the President of the Academic Board or equivalent body. There is a requirement to establish an Academic Board or equivalent with powers and functions determined by Council.

2. New South Wales (NSW): The Universities Governing Bodies Act 2011 is an Act to enable the governing bodies of universities to progressively adopt standard governing body provisions “allowing greater flexibility in their size and composition; and for other purposes”. These standard provisions only deal with the governing bodies (Council, Board of Trustees, and Senate) and not with other sections such as Objects, functions and powers which are specified in the particular university’s enabling legislation. Some of the key features include minimum size of Council (between 11 and 22 members); membership must include Ministerial appointments as well as official, elected and Council appointed, with most members to be external.

The individual New South Wales universities’ enabling legislation states objects and functions. The “object of the University is the promotion, within the limits of the University’s resources, of scholarship, research, free inquiry, the interaction of research and teaching, and academic excellence.” It is mandated that an Academic Board (or Senate) be created.

3. Queensland (Qld): Under most Queensland university enabling legislation, a Council (or Senate) is created as the governing body but the creation of an Academic Board (or similar) is at the discretion of the Council. The relevant Acts differ significantly in relation to the formation and role of the Academic Board. Some of the Acts (for example: University of Southern Queensland Act and University of Queensland Act) specify the role of the Academic Board.

The Queensland University of Technology Act does not refer to an Academic Board at all but refers to an academic committee as a committee of council.

Of note is the University Legislation Amendment Act 2017. This Act aims to modernise the relevant Acts, reduce red-tape and streamline decision making within the universities. What is noteworthy is the statement from page 2 of the Explanatory Notes to the original Bill: “Queensland’s regulation of the universities is now limited to oversight of the public

universities in so far as they are statutory bodies.”

At page 8, it notes the aim to “remove the Queensland Parliament role in the oversight of university statutes” and that “(T)his is considered appropriate given the Commonwealth now regulates the quality standards required to be met by universities through the Threshold Standards, which provide a mechanism to protect the interests of students.”

4. South Australia (SA): The South Australian university enabling legislation is similarly a mixed bag, with some of the Acts specifying the “functions” of the university only and others that specify the “Objects”. All Acts specifically state that the University is “not an instrumentality or agency of the Crown. See for example: Clause 4 (6) of the University of Adelaide Act 1971 and clause 4(3) of the University of South Australia Act 1990. A council is created as the governing body and the Vice Chancellor is the chief academic and executive officer. There are no government appointed members on Council. There is no requirement to set up an academic Senate/board. It is at the discretion of council as to how it manages its academic responsibilities. There are no State government appointments to the university councils in South Australia.

The University of Adelaide Act 1971 specifies that the object of the University is “the advancement of learning and knowledge, including the provision of university education.” The Academic Board is a standing committee of Council.

5. Western Australia (WA): The WA universities’ enabling legislation has some interesting elements. For the University of Western Australia (UWA), the enabling Act creates a Senate as the supreme governing body, which has staff and State government appointees, mandates at least four (4) alumni and requires that there be persons on the Senate with financial and commercial expertise. The Act was recently amended to enable payment to members of the Senate and the Act prescribes the powers of the Senate. All WA university Acts provide for the creation of a Student Guild.

In most of the WA legislation the Objects or Functions are not stated. The only guide as to purpose is in the Preamble, which states:

And whereas it is desirable that provision should be made for further instruction in those practical arts and liberal studies which are needed to advance the prosperity and welfare of the people.

One exception is the legislation creating Murdoch University, which does specify Objects and Functions of the university; creates a Senate as the governing body and requires an Academic Council to be formed by the Senate. The Curtin University and Edith Cowan University legislation only specifies Functions of the university and creates a governing body called the Council. The Edith Cowan University Act requires the appointment of an Academic Board with prescribed functions relating to the academic activities and policies of the university, but the Curtin University Act does not have a similar provision. The composition of the governing bodies (with a specified number of State government appointments; staff and student members, ex-officio and other appointed members) and the modes of appointment are similar for all the Western Australian universities.

6. Tasmania (Tas.): The state of Tasmania has one university - The University of Tasmania. Its enabling Act specifies Functions only and mandates the establishment of an Academic Senate.

Objects and functions are different concepts, with “objects” being another term for “purpose”. It is interesting that these legislative differences between the states exist. It adds eclecticism to the current State legislative frameworks underpinning higher education in Australia. All Acts confirm that the primary responsibility for academic affairs (as well as the business affairs) rests with the Council as the supreme governing body. This diversity of provisions re governance are not necessarily reflected in the practice of governance across the universities, which also need to comply with the TEQSA regulatory requirements concerning the establishment of a system of academic governance separate from the corporate governance arrangements, rather than specifying an academic board (refer TEQSA Standards 6.3.1).

In Trackman’s (2008) terminology we see in Australian universities examples of the “amalgam models of governance”. There is an ongoing tension between the trustee role of council and the delegate or representative model which underpins the basis of appointment of some members of the governing body, as required in the relevant establishing Act. In most Acts in most States, the composition of the main governing body is prescribed and contains a mix of elected representatives and nominees. Thus, the establishing Acts have created a hybrid model of governance that leads to inevitable tension for the members of Council – especially those elected as representatives of internal stakeholders. Most universities are addressing this by using a range of tools to educate members as to their corporate

governance responsibilities as a member of the university governing body, with a strong emphasis that their role is to advance and protect the interests of the university.

6.3 The Australian Regulatory Framework

According to the Australian Commonwealth government website, the government supports higher education in Australia. It states that:

This support is important as the sector makes a fundamental contribution to the future of Australia and our intellectual, economic, cultural and social development. The sector:

- educates our future workforce
- develops our future leaders
- provides jobs for Australians
- facilitates cultural and trade links with other countries
- plays a key role in the growing knowledge and innovation based economy of Australia.

(Source: <https://www.education.gov.au/higher-education-0>)

The Australian higher education system covers that part of the tertiary system that comprises all institutions delivering qualifications identified by the Australian Qualifications Framework (AQF) at Bachelor level or above.

In Australia, the government has created a perception of parity between universities in a formal sense. Any institution can become a “university” if it complies with certain mandated criteria and it can be registered to provide full fee education to international students and compete for public research funding. The public universities all share “similar mission, goals and philosophy” (Lacy et al, 2017, p.7). There is a strong tendency towards homogenisation.

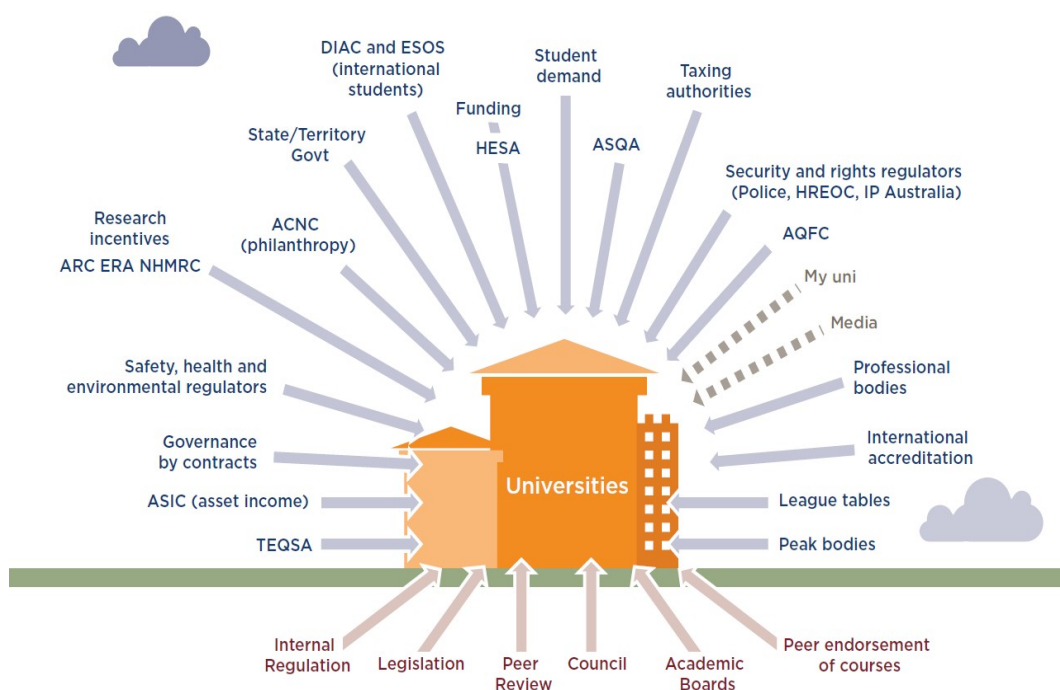
Despite this perception of an equal playing field in the Australian higher education market, there is a reality that mitigates against this perception. The reality is that there are universities, due to their longevity, resources and reputation, that are seen as having higher esteem and thus the value of their outputs (degrees, graduates, research) are held in higher regard. Government policy does not diminish that perception and yet the myth of equality of reputation still drives policy.

The recent Dow review of Australian higher education regulation (Dow & Braithwaite, 2013) noted that there are many regulators at play in the sector but that, at the time of the review, the regulatory community was not working together

in a “coordinated, transparent way to enhance simplicity and minimise duplication” (ibid, p. 40). This lack of coordination affects the way governance and operations are implemented at the system level and institution level. Regulatory compliance is a risk management issue requiring a range of structural strategies to enable the creation of efficient systems and sign offs to ensure that data is gathered efficiently, and resources are best allocated to support the compliance requirements. The issue is more concerning at the institution level, as this is where resources are most constrained and duplication of reporting effort more noticeable.

At the system/sector level, regulation is complex. Figure 6.3 below, taken from the Dow Review (ibid, p. 20), illustrates more clearly the complex regulatory forces that Universities within the sector need to accommodate.

Figure 6.3 Australia’s higher education regulatory system



(Source: Dow & Braithwaite, 2013)

There are a range of regulatory instruments at play. A detailed review of these instruments is not critical for this Thesis, but it is necessary to provide an outline of the instruments as they affect system and institutional governance frameworks. The arsenal of levers available to the Commonwealth government are used to steer and direct universities (and other HEPs), whilst also managing risk and quality.

The main instruments are:

- *The Australian Qualifications Framework (AQF)*: The AQF is the national policy for regulated qualifications. It is a comprehensive system covering each education and training sector. The AQF Council administers the AQF. The council is responsible for the accreditation of AQF qualifications, the authorisation of organisations to issue them and the ongoing quality assurance of qualification and the issuing organisations. The AQF requirements are managed through TEQSA.
- *Education Services for Overseas Students Act 2000 (ESOS)*: The Act sets out the legal framework governing delivery of education and training services to overseas students studying in Australia on a student visa. The ESOS framework includes regulations, a National Code of Practice for Providers of education and training to overseas students and other legislative instruments created under the Act.
- *Higher Education Support Act 2003 (HESA)*: HESA is the key vehicle through which the Federal government funds students; provides Commonwealth scholarships, equity program funding, provider infrastructure funding and research funding programs. HESA drives a range of data requirements for the programs delivered under HESA. HESA requires higher education providers to operate at a level of quality that meets the Threshold Standards (within the meaning of the TEQSA Act).
- *Higher Education Threshold Standards*: Providers can only remain on the National Register of Higher Education Providers if they continue to meet the Standards. The quality requirements of HESA require Providers to meet and continue to meet these Standards.
- *Tertiary Education Quality and Standards Agency Act 2011 (TEQSA Act)*. The TEQSA Act established the independent national regulator for higher education - TEQSA. TEQSA's functions include registering higher education providers; accrediting courses of study and undertaking compliance and quality assessments. (Dow et al, 2013).

In the past 30 years, another feature of the Australian higher education sector has been the plethora of Commonwealth and State government reviews and inquiries. The outcomes of these reviews have generally resulted in significant changes being implemented, and Acts passed. Table 6.1 on the next page lists the main Commonwealth reviews, initiatives and Acts passed during this period. (The

majority of this list is sourced from the Dow and Braithwaite Review of Higher Education Regulation 2013).

Table: 6.1 List of Government Reviews 1988-2017

Year	Action
1988	Higher Education Funding Act 1988 Higher Education: A Policy Statement (Dawkins white paper) Employment, Education and Training Act 1988 Abolition of Tertiary Education Commission and introduction of National Board for Education, Employment and Training (NBEET), including its advisory Higher Education Council and Australian Research Council
1989	Introduction of the Unified National System and conversion of Centres for Advanced Education to universities ("the Dawkins Reforms") Introduction of the Higher Education Contribution Scheme (HECS). Direct Commonwealth funding of higher education providers conducted via individual negotiations between universities and the Department, monitored by the Higher Education Council
1990	Relative Funding Model "corrects" misalignment of Commonwealth funding between universities by 1995, becoming basis for Triennial Funding Rounds
1991	Education Services for Overseas Students (Registration of Providers and Financial Regulation) Act 1991
1993	Commission for Quality Assurance in Higher Education established
1995	Australian Qualifications Framework established
1997	Education Services for Overseas Students (Registration Charges) Act 1997
1998	West Review (Learning for Life: review of higher education financing and policy) recommended increased tuition fee flexibility and demand-driven funding. These recommendations were not adopted by the Government Introduction of full-fee domestic student places
1999	Workplace Reform Program. Increased funding made available in return for institutional changes in workplace relations, management and administration
2000	Formal abolition of NBEET (National Board of Education, Employment and Training) and its advisory Councils. Australian Universities Quality Agency (AUQA) commences
2001	Australian Research Council Act 2001; ARC becomes independent entity for the distribution of research grants Backing Australia's Ability. Expansion of Government competitive research funding, established Centres of Excellence, increased targeted university places and introduction of the Postgraduate Education Loans Scheme (PELS) ESOS Assurance Fund commences operation – provides 3rd. layer tuition assurance and protection to overseas students
2003	Higher Education at the Crossroads Review and introduction of the Higher Education Support Act 2003 (HESA)

Year	Action
2004	Transitional HESA arrangements Abolition of Postgraduate Education Loan Scheme (PELS) and Bridging for Overseas Trained Professionals (BOTPLS) Introduction of the Student Learning Entitlement
2005	Commonwealth Grant Scheme established along with student entitlement to Commonwealth supported places – negotiations managed through funding agreements and Institutional Performance Portfolios FEE-HELP scheme commences – expansion of private provider market Changes to discipline funding clusters New funding arrangements introduced including workplace productivity and national governance protocols
2006	Introduction of Voluntary Student Unionism Review of the ESOS National Code The 2006 Senate Community Affairs Legislation Committee Inquiry into the National Health and Medical Research Council Amendment Bill 2006 oversaw the split of NHMRC from the Department of Health and Ageing (DOHA).
2007	Review of HESA – funding clusters adjusted from 2008 National Code of Practice for registration Authorities and provides of Courses to Overseas Students
2008	Bradley Review of Australian Higher Education – recommends demand driven funding as well as a range of other changes VET FEE-HELP scheme commences – increasing intersections for providers between VET and higher education Changes to discipline funding clusters and student contributions AUQA Second Round audits begin The Cutler Review of Australian Innovation Venturous Australia (2008) provided recommendations to update and broaden the innovation policy agenda
2009	Phasing out of fee-paying undergraduate places at public universities Changes to discipline funding clusters and student contributions and loadings Baird Review of the ESOS Act Innovation White Paper, Powering Ideas an Innovation Agenda for the 21st Century (2009): articulates a 10-year agenda for innovation policy (SRE, ERA, Super Science initiatives)
2010	Increases in undergraduate enrolments as over-enrolment funding increases to 10% in transition to demand drive funding Review of Funding for Postgraduate Places Changes to discipline funding clusters and student contributions and loadings Review of International Foundation Program Standards Introduction of triennial Mission-based Compacts

Year	Action
2011	ASQA commences activities Higher Education Base Funding Review undertaken Knight Review of the Student Visa Program Launch of MyUniversity website 1st phase of Government response to Baird Review. Overseas Students Ombudsman commences. TEQSA Act 2011 creates TEQSA
2012	TEQSA commences activities. First providers given re-registration Full demand driven funding system for undergraduate places (with caps introduced for sub- bachelor places) Tuition Protection Scheme introduced for international students Phillips KPA Review of Universities Reporting Requirements Review of Higher Education Access and Outcomes for Aboriginal and Torres Strait Islander People Abolition of Student Learning Entitlement Chief Scientist releases the National Research Investment Plan 2nd phase of the Government response to Baird Review. A new Tuition Protection Service commences Establishment of the National Advisory Group for Higher Education Data and Information
2013	Review of Higher Education Standards Review of National VET Standards TEQSA Risk Assessments first round completed TEQSA Third-Party Service Provision quality assessment survey A Plan for Australian Jobs released, including the introduction of Industry Innovation Precincts and work toward an Australian Innovation Statement McKeon Review of Health and Medical Research released Launch of MySkills website
2014	Review of the Australian National University (ANU) Act 1991 and the governance arrangements of the ANU Publication of "Reform of the Federation White Paper, Issues Paper 4"
2017	New Higher Education Provider Threshold Standards commence

There have been more than forty government-initiated reviews, revisions, initiatives and Acts over this thirty-year period.

Many of the reviews raised issues of concern about university governance and recommended on the need for improvement in governance arrangements. These reviews resulted in the establishment of a range of policy statements that regulators and institutions have responded to in different ways. The review

continuum has raised another set of risk factors for consideration by the sector. The fundamentals that underpin the sector are under challenge. Davis in 2004 noted that 17 years after Dawkins, the Australian sector was at a tipping point and that the current paradigm that evolved out of the Dawkins reforms is struggling to persist. (Davis, 2004).

Chronologically, and importantly, the current regulatory system was designed prior to the emergence of the World Wide Web, trade liberalisation via free trade agreements and other transformative innovations in how people and economies connect and do business. That is, globalisation had not yet imposed itself on the Australian system. The current regulatory system creates a form of regulated “closed shop” for universities, which is now under serious challenge internally and externally. Gallagher (2015) notes that very little has happened in a policy sense to properly address these issues since 2004.

The recently promulgated Higher Education Standards Framework developed by the Commonwealth Government, known as the “Threshold Standards”, commenced in 2011. The Standards define the minimum performance standards for higher education institutions (Universities) and create a regulatory definition of a “university”. This regulatory definition provides protection to universities from other education focused organisations seeking to move into the sector but, as will be discussed later, acts as a constraint to several existing universities.

The Threshold Standards are grouped into Domains and came into effect in 2017. Under each of these domains are a set of standards which cover a broad range of activities including governance, quality, infrastructure, student support and staffing of higher education institutions. Compliance with the standards enables the higher education provider to gain registration with the Tertiary Education Quality and Standards Agency (TEQSA) and, subject to meeting additional criteria, use the term “university”. The Standards reflect the broad range of academic activities undertaken in higher education institutions and identify the types of risks that such institutions face and need to monitor and mitigate. The new Domains are:

- Student participation and attainment
- Learning environment
- Teaching
- Research and research training
- Institutional quality assurance

- Governance and accountability
- Representation, information and information management

TEQSA has issued guidance notes in relation to how it will interpret the Threshold Standards. In relation to governance, the following extract from their Guidance Notes is informative:

Section 3.8 of the Provider Registration Standards: The higher education provider's corporate and academic governance arrangements demonstrate:

- the effective development, implementation and review of policies for all aspects of the higher education provider's academic activities including delivery of the higher education provider's courses of studies by other entities
- the maintenance of academic standards, with appropriate mechanisms for external input, in accordance with international conventions for good academic practice, and
- effective quality assurance arrangements for all the higher education provider's higher education operations, encompassing systematic monitoring, review and improvement.

(Source: <http://www.teqsa.gov.au/sites/default/files/GNAcademicQualityAssurance.pdf>)

As noted earlier, universities must meet certain criteria to call themselves a "university" and as a university they are deemed self-accrediting institutions. This license does not exclude them from the requirement to comply with the Threshold Standards but enables them to self-assess against the standards and take appropriate action to address any deficiencies. They must demonstrate to TEQSA that they have policies and processes in place to address the standards. It is the license to issue AQF-recognised higher education qualifications, to certify individuals as having acquired knowledge and skills, that makes higher education providers distinctive in Australia (Norton et al, 2014).

As noted in Chapter 2 the governance structures of Australia's public universities are contained in their state based enabling Acts and although regulation and funding control has been ceded to the Commonwealth government, the various state legislative and regulatory arrangements are still relevant in painting the total regulatory picture. The state arrangements do differ, and the following is a

summary of the main governance elements of the state university legislation current at the time of writing.

6.3.1 The policy context

The recent White Paper (*Reform of the Federation White Paper, Issues Paper 4*, 2014) provides a synopsis on some of the policy and governance issues confronting the higher education sector where there is a “sharing” of responsibilities, as set out in Table 6.2 below. Although higher education is a more established shared model with a long-standing acceptance of the lead role played by the Commonwealth, there are still many policy, regulatory and governance barriers that do “restrict universities from general business decision making...(that) inhibits them from innovating and acting in a market” (ibid). The White Paper has not progressed through the political machinations to the next level of consideration.

Table 6.2 “Reform of Federation White Paper” summary table

Area	State and Territory role	Commonwealth role	Overlaps
	Secondary	Lead	Low
Policy	Typically, not involved in policy except for a minor role in areas relating to research.	Responsible for developing and implementing higher education policy directly with higher education providers, including policy relating to research.	No overlap.

Area	State and Territory role	Commonwealth role	Overlaps
	Secondary	Lead	Low
Funding	Provide funding but on a very minor scale. Also provide funding to dual sector institutions for the delivery of VET courses. Provide a small amount of funding for research and infrastructure development and investment in the form of assets and infrastructure and various forms of tax relief.	For practical purposes, sole public funder of the sector.	Both levels of government provide some funding to higher education providers, but State and Territory contribution is only 2%. Some duplication in reporting requirements attached to funding.
Delivery	Typically, not involved, some very minor involvement in research related matters, particularly in addressing local needs.	Responsible for the implementation of policies and programmes, although delivery rests with a mix of public and private providers. Lead role in delivering income support and income contingent loans.	No overlap.

Area	State and Territory role	Commonwealth role	Overlaps
	Secondary	Lead	Low
Regulation	Responsible for legislation which establishes universities, imposes financial auditing and internal governance and accountability to State Parliaments. In some cases, controls the transfer of university land.	Responsible for registration, regulation and compliance of registered higher education providers. Responsible for regulation of international students.	Both levels of government require reporting from higher education providers.

Source: Reform of the Federation White Paper, Issues Paper 4

The above table paints only part of the picture relating to the roles of governments in the broader higher education system. As noted in earlier sections, the Australian system is ever evolving, with an increased focus on a market-based approach to regulation. This approach has attracted much comment and critique. For example, Sheehy (2010) refers to the Bradley Review as continuing the drive to implement a market-based regulatory approach to the sector, to create competitive tension amongst higher education providers (universities and private providers), to attract “student consumers” and funding for both teaching and research. Sheehy identifies this as an “on-going experiment” (Sheehy, 2010, p. 60).

Ryan (2012) in his review of Collini’s 2012 book entitled: “What are universities for?” (Collini, 2012) raised the issue of the lack of a coherent approach and language to higher education policy and discourse in the United Kingdom. Policy coherence or the lack of it is not only a UK issue. Australian researchers such as Marginson and Norton, and higher education commentators and experts such as Gallagher (2015) and Coaldrake (2003, 2013), have observed that within the Australian context there has and is a continuing never-ending interplay of policy statements developed in the moment but never finalised or reviewed for efficacy. Like Collini’s (2012) UK, it is arguable that the Australian government sees the higher education system as an industry (Altbach et al, 2011), with its steering mechanisms for the sector founded upon this approach. It is further arguable that this position or approach is neither the result of considered policy nor an economic determination.

Australia's higher education policy, according to Gallagher (2015), has suffered from a lack of an end point i.e. new policy implementations remain incomplete and "unsatisfied" when the next policy is implemented. Further, Norton et al (2014) observed that policy principles appear to be second to funding entitlements.

Gallagher (2015) identifies that since World War II there have been three phases in Australian higher education policy and practice:

The first phase can be seen as one in which the Australian nation state pulled institutions away from traditional academic orientations and the second phase as one in which the state pushed towards stronger market orientations. The third phase is one in which market influences are shaping the system and challenging a number of the premises on which it was based and progressed over much of the twentieth century. (p.1).

His analysis concludes that the phases overlap and "are functioning concurrently in uncomfortable interaction with one another" (ibid, p.3). In developing future policy approaches, the Gallagher (ibid) analysis of the current state of policy advocacy, assumptions and beliefs support the various challenges, trends and changes in higher education identified in this Thesis. He observes, somewhat negatively, that "some advocates of particular regulatory and financing policy options are working from assumptions about factors that have ceased to exist or have shifted from a major to a minor role" (ibid, p.3). He then further opines that

It may well be that some advocates do not like what change has brought about but policy cannot be based on denial of reality and nostalgic hope that vexed things will default to a benign "normal"; there needs to be some understanding of the way things are now, where they have come from and how they may change in the future. (ibid).

Gallagher's (ibid) observations are re-enforced in the comments from the interviews (discussed in detail in Chapter 9) on the "one size fits all" approach to government higher education policy. Similarly, the findings in the recent Lacy et al (2017) Report support Gallagher's position. What is apparent is that that approach is indicative of a failure of the government to appreciate that the system and institutions have changed significantly - despite their rhetoric.

The Australian higher education system has significantly changed and expanded over the past 30 years, but the policy and system structures have remained somewhat static. Sustainability (financial and operational), as referred to previously, is a current and on-going challenge. As noted in one of the responses

to the Lacy et al (2017) interviews: “We need to rethink about how we make the system more sustainable and also give the government value for money in the sense of balancing the risk of people not paying back their loans while also maintaining those equity and access ideals” (p. 26).

The apparent lack of a national strategic plan and supporting policy for higher education underpins many of the concerns expressed. In 2000, Gilbert (2000) commented upon the policy malaise affecting higher education:

Yet, coupled with the undeniable reality that Australian universities currently lack the resources to be internationally competitive, existing funding levels will be defensible only within a public policy framework facilitating major, sustained expansion in funding from private sources. (p. 34)

Clark observed in 1983 (Clark, 1983):

If ever political regimes need a sense of balance, and a capacity to see the long run, in the supervision of a public good, it is in relating to the academic system. (p.8)

The comments and answers arising from the interviews show Clark’s observations as still relevant today. Meek (2000) noted that the current “one-size-fits-all” approach to system and institution design and governance is inherently flawed. This begs the question as to what has happened in the intervening years. As discussed in earlier chapters and in Gallagher’s (2015) recent analysis – nothing.

The debate around whether higher education remains a public good or not is more an academic socio-economic discussion than a political position. The reality is that universities are a form of public-sector business, handling significant amounts of public and private funds, and need to do so responsibly and be accountable for it. Such responsibilities require the system to be open to scrutiny and debate. Unfortunately, that debate is sadly lacking.

Bokor (2015) recommended that the university - government relationship needs to move beyond a “fight for funds” (p.25) and towards a key partnership role, with universities working with government to stimulate innovation and economic growth. (ibid)

Gallagher (2015) describes the current policy environment as a situation where “different participants appear to be working from different assumptions, some of which seem to be at odds with actual practices, policy trends and changing circumstances” (p.1). In the same paper, he comments that over the past few decades in Australia there has been a succession of disconnects and

incompleteness in policy formulation and implementation i.e. a dearth of policy imagination (ibid). Similarly French, James and Kelly (2017) in a recent paper described the situation as “Caught in a cycle of periodic review and interim piecemeal policy-making” (p.1).

Gallagher (2015) likewise comments on the various perspectives on the transition of higher education from an elite to a mass system and the emerging strength of market orientation in government policy. His observation highlights the complexity of the system and the system’s environment, the many different perspectives at play from the various stakeholder groups and from within the stakeholder groups. Gallagher (ibid) identifies four broad perspectives impacting policy development:

1. Academic - individual and institutional. Individual variation is in the demographic profile of the individual academic. Institutional variation is dependent upon history, prestige and research intensity
2. Government perspectives – with variations at the state and federal government levels and even at the government agency levels
3. Market based perspectives – Gallagher (ibid) summarises this perspective as:

Market perspectives vary, too, according to product or factor markets, industry sectors, boutique or mass consumer markets, and local, national or global, physical or virtual markets. Importantly, Australian higher education service providers operate in four different markets at the undergraduate and postgraduate levels domestically and internationally, and these vary regionally within and beyond Australia. (p.2)

4. Civil society – includes non-government sector; media, industry etc.

These perspectives are significant, impact at the heart of higher education systems and institutions and require considered discussion around fundamental policy and governance reform to enable the system and universities to adapt.

6.4 Summary

Since World War II, there has been significant growth in the Australian higher education sector. Australia’s universities are no longer single campus, small (in number and size), state based and elite. They are now large (in number and size), comprehensive, still state based but now multi-campus globally focused education

powerhouses. Their autonomy is still intact. The growth in number is shown in fig 6.1, with faster growth occurring after the Dawkins reforms in 1987.

This growth has been driven primarily by the massification agenda and the subsequent change in the political, social and economic importance of universities and higher education - as has happened in much of the western world. As with other western higher education systems, the Australian system has been subject to significant external and internal developments (technological innovation, globalisation, rankings, corporatisation and increased accountability demands) which have played out in the way the system and institutions have been and are governed. Our universities have also successfully developed their international education business to the extent that that business is now a significant earner of export revenue and makes up a significant proportion of each university's funding. This element has been a key driver in building Australia's international reputation, as well as creating a reputation and resourcing risk to be managed.

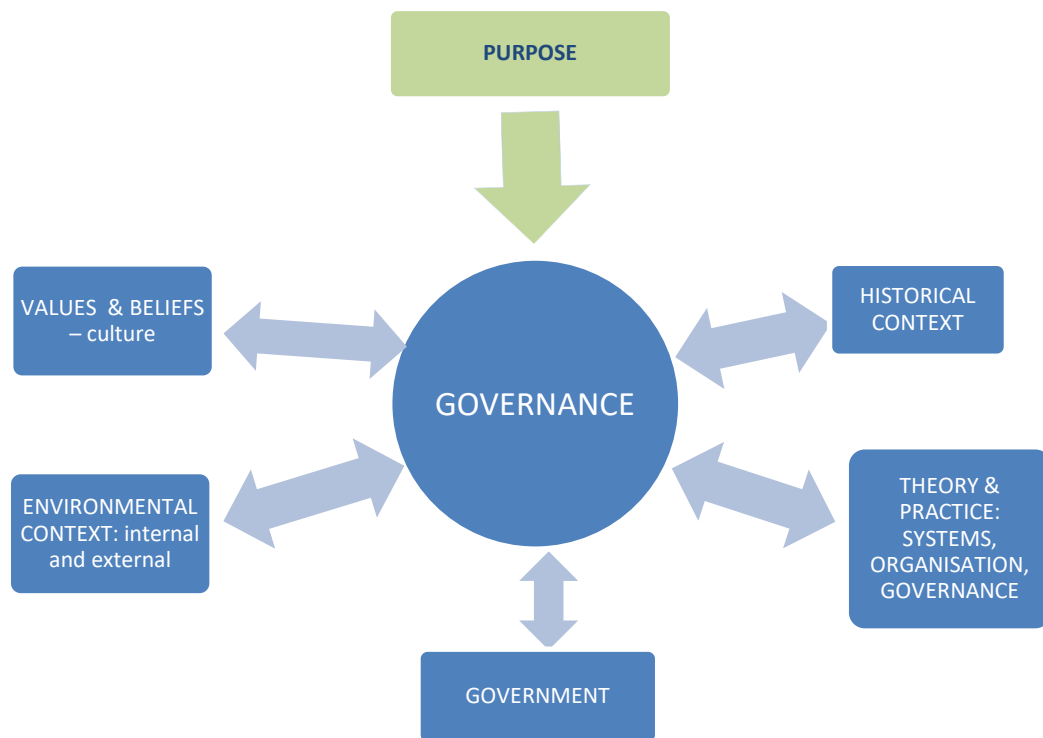
Growth has also created more stakeholders in the higher education system who have demanded, and have achieved, a greater role in the governance of higher education in Australia, primarily at the university level and less so at the system level. Following on from this is the perception that the influence of academe has concomitantly reduced. There are concerns that the loss of influence of academe has translated into a lack of effective engagement with and by academe in Australia's higher education governance. Another key development since WW II is the increasing and dominant role of the national government in the regulation and funding of higher education in Australia, even though the legislative framework for most public universities remains under the auspices of the relevant state government. This hybrid environment creates inefficiencies as universities need to accommodate the state and national government reporting and accounting requirements. In addition, the current political environment sees short term political interests dominating and national policy suffering from a lack of cohesion. The current approach to higher education funding is a good example.

7 A CONCEPTUAL MODEL OF GOVERNANCE.

Chapter 2 examined the research literature on corporate and public-sector governance and the emerging typology of network governance and identified the key principles underpinning good governance. The concept of shared governance was identified as an element of good governance of particular value to higher education governance. Chapter 3 saw an examination of the concepts of systems and institutions and identified higher education as a complex adaptive system.

From that examination, I have developed a conceptual model of governance in Figure 7.1. This Model portrays governance as a concept that is the sum of several parts and those parts are dynamic and interrelated. Thus, governance is, and should be, dynamic and adaptable.

Figure 7.1 Conceptual model of governance



The elements that make up the conceptual model are described briefly in the following sections. Within the model protocols exist that enable the actors within it (leaders, directors etc.) to identify, analyse and implement changes that respond to changes incurred and driven by its constituent elements.

7.1 Purpose

The model places “purpose” as the driving force behind governance. Purpose and governance are mutually reinforcing.

Clarity of purpose or purposes is fundamental to the development of effective institutional and system design, structure and governance (Toma, 2010). Higher education has multiple purposes such as education, research and engagement. As discussed in Chapter 2, Australia’s public universities have multiple purposes or missions defined in their enabling legislation.

The concept of the purpose of the university has a strong historical basis and is thus part of the “historical context” element of the conceptual model. It is not necessary in this Thesis to discuss purpose at length. What is important is to understand that purpose is critical, contestable and a governance challenge.

Taschdjian (Taschdjian, 1972) noted this challenge facing higher education and its governance some three decades ago. He observed that higher education struggles with “two mutually opposing and somewhat incompatible purposes” (p. 220). Those two competing views are firstly, the concept of a “liberal education” and, secondly, the concept of education performing a utilitarian or vocational purpose.

The challenge for those entrusted with governance responsibility at the system and university level is to decide whether to support the achievement of all purposes or focus on one or some of them.

7.2 Government - funding, legislation, regulation and policy

Within the “for profit” and “not for profit sectors”, those organisations that receive public funds are quite aware that government regulation and government policy are key external factors in sector and institutional governance. The governance arrangements of those sectors and organisations involved is directly impacted by the direction of regulation, policy and government funding. Australian public universities are still beholden to public funding to deliver undergraduate degrees and conduct research. Resource dependency theory is important in this context and helps explain the strategic behaviour of institutions that are dependent on attracting resources from other parties, including government (Harding & Harrison, 2015).

To varying degrees, governments manage trade-offs between being directive and influencing the governance arrangements of the organisations that directly benefit from policy initiatives, especially where direct funding is attached. In Australia, health and education are two of the largest sectors where public funding is directed

to independent organisations. The government exercises a mix of direction and steering in relation to the governance of those sectors and the institutions within those sectors. Sector steering includes the use of specific government regulation; policy and funding models designed to incentivise or prioritise policy priorities. The higher education sector is subject to the regulatory and operating environment (refer to Figure 6.3) relating to organisations in their multitude of persona as corporate citizens, employers, producers and sellers of product to local, national and international consumers. Within Australia, the role of State governments (albeit that they currently are quite passive) is important, as they hold the legislative mandate that creates most public universities.

7.3 Environmental context

The environmental context covers the internal and external environments.

The internal environment includes the academic disciplines and their attendant values and approaches, research activity and intensity, industrial agreements, staff perceptions and values, organisational policies and procedures.

In the external environment, the two more significant elements are globalisation and the hyper-growth of information and communication technologies (Sharrock, 2007). These elements help define the external context that shapes decisions around governance and the development/adaptation of governance. Other relevant environmental elements previously identified in the literature and discussed include:

- societal change in attitude to post-secondary education;
- changes in the attitude of the various professions to the credentials offered by universities (program accreditation and micro-credentialing as examples);
- growth in international education;
- focus on sector and institutional reputation (e.g. rankings);
- rise in demand for external institutional and operational accreditation and quality assurance

See for example: (Bok, 2013; Harding & Harrison, 2015; V. Lynn Meek & Wood, 1998; Sharma, 2008; Sharrock, 2007)

7.4 Values & beliefs

Values and beliefs create a culture, and culture is critical in shaping organisations and their behaviour. Culture underpins internal systems and provides the rationale

for why staff engage (or disengage) with the organisation. Structure and culture are closely interlocked according to Clark (1983). Values within universities and higher education generally are contestable and often conflict. It is the responsibility of leaders of systems and organisations to navigate through these conflicts and develop forms/structure and processes that help abate conflict and steer the organisation to achieve its goals. Within the higher education environment, many groups (internal and external) advocate a broad range of values. The advocates range from business, indigenous and migrant groups, current and future students and their families, observers, commentators and staff. Not all these actors fit within the definition of “stakeholder”, although they assert a strong interest. Many of their values are framed into powerful messages and policies through the interactions of these advocates with the political leadership of the day and, depending upon their political influence, their values are found within the political policies of government (Clark, *ibid*). Good governance requires that there be a formal engagement process with stakeholders to access their views.

The rise of academic specialisation provides another example of the changing culture. This rise challenges integration within universities and the sector, as specialists seek to associate separately from the more general disciplinary based collegium. Subcultures abound within universities and systems. Academics, students, administrators, professionals all bring a set of values and beliefs that frame their view of work and organisation. For universities, the academic set of values and beliefs has both a local and international dimension via the disciplines. Academic systems are symbolically and ideologically rich (*ibid*). The emergence of what Slaughter and Leslie (Slaughter & Leslie, 1997) called “academic capitalism” is indicative of the impact of external changes on the values of some stakeholders and on the development of organisational strategy, form and governance.

7.5 Historical context

Universities are ancient organisations and their structures, ceremonies, formalities and purpose have been formed over many centuries and play an important role in creating and maintaining the distinct identity of the university. Australia’s public universities are much younger and adopted a number of those traditions and formalities. The historical context has been important in forming the values and beliefs of academic and professional staff as to the purpose of universities and in developing the organisational and sectoral values and beliefs. However, as discussed in chapter 6, Australian universities have charted their own course in the way that they have grown and developed. They have moved, or been moved away,

from their state-based origins to adopt a mix of local, national and global approaches and strategies. They have linked into the global higher education market and developed an international education profile. They have become economically significant in Australia because of these strategies.

7.6 Theory and practice

The research into governance is underpinned by, and analysed using several theoretical constructs, which have already been discussed in detail in Chapter 3. I have previously concluded in the analysis of systems theory, that higher education is a complex adaptive system with strong elements of open systems and cybernetic systems. Various theories have been identified as important in analysing how the system and the institutions that are part of it respond to various stimuli. Theories such as organisation theory, neo-institutional theory; resource dependency theory; agency theory; stewardship theory and stakeholder theory have been identified as applicable.

Evidence of good practice is part of the theoretical context as practice helps to validate and inform theory.

These theories address the key foundations of creating organisations, governing them, explaining their individual and collective behaviours and responses to the external and internal environment; how and why they develop their business models and building their capacity to deliver across their multiple missions.

7.7 Concluding remarks

The conceptual model indicates that in developing or reviewing the structures and instruments of governance (decision-making bodies, policies and processes; delegations etc) several considerations need to be addressed. The Model's identifies six concepts that should be part of the consideration in the review or development of governance arrangements. Those elements are interrelated and mutually re-enforcing and need to be accommodated in the design of fit for purpose governance arrangements and facilitate good governance.

The Model applies for system and institutional governance. At the system level the Model reflects complexity. I have established that higher education is a complex adaptive system, a "CAS", (Chapter 3) and that the governance of a CAS requires the governance arrangements to be sensitive to changes in the external environment and to understand the drivers of its agents and stakeholders and provide feedback loops to understand how agents respond to various stimuli. The type of goals set (high level goals are preferred), consider the personality of the

systems agents (as discussed in chapter 3.2.6) and their values. The government's role as chief sponsor and regulator provides guidance as does scanning and understanding the impacts of changes in the external environment. It is important to ensure that there are feedback loops so that governors can see the impact of various changes, incentives, policy decisions and then adapt accordingly. This is shown in the Model as the two-way arrow between governance and the various elements. This depiction reflects the previous examinations in earlier chapters that indicate the need for good governance to be adaptive.

The Model indicates that the foundation of good governance is having a purpose. For Australia's higher education and public universities, the purpose has and is set out in the legislative and regulatory statements of the state governments (for most public universities) and the commonwealth government (for the higher education system). This adds depth to the government role in the governance of the system as a critical stakeholder and governor - especially at the system level.

The external environment and the various theories influence the types of decisions to be made; the types of incentives to be offered to encourage the preferred behaviours to achieve purpose(s). Systems thinking requires that the design of the organisation/system governance arrangements include sensing mechanisms and feedback loops in the form of bodies such as stakeholder representative groups, management teams and performance review policies and processes to provide information to the governing body as to how their various decisions have been responded to by institutions (the universities) and individuals and to enable adjustments to occur. Those mechanisms provide intelligence from the environment and stakeholders to the governing bodies to help inform strategy and planning. Theories such as resource dependency provide additional input into the sensitivity of the system and universities to resource decisions made by others e.g. changes to government funding priorities or constraints applied to industry or philanthropic grants.

Values and beliefs or culture are important elements, especially in organisations, as they provide the coherence to bind organisations, to attract like-minded individuals to join and support organisations to forge a path to achieve purpose. In the governance sense this is reflected in the engagement of staff and other stakeholders in the decision-making process. Values and beliefs are connected to the various theoretical constructs such as stakeholder and agency theories, as they provide guidance as to how individuals and organisations will respond to various decisions that are seen as being aligned with or not with their culture and

beliefs. The good governance principles relating to legitimacy and engagement are reflective of the need for governing bodies to understand existing cultures. On the other hand, culture can change organically or be part of a transition strategy. Culture is influenced by changes in the external environment; government policy or incentives. Governance structures and instruments need sense and adapt to these changes and in some cases facilitate or drive cultural change.

8 INTERVIEWS ANALYSIS

This Chapter provides an analysis of the interviews conducted in order to acquire empirical evidence for the thesis. As noted in Chapter 1, the interviewees were split into three groups:

1. Current Chancellors
2. Current Vice Chancellor's, and
3. The "Other" group; which contained researchers, ex Chancellors and Vice Chancellors, government staff and university secretaries and senior academic staff.

The analysis will follow the order of the questions/themes in Appendix A. Each question was open ended, and the following questions were effectively defined by the responses of the participant. The first series of questions looked at the system level.

The conclusion drawn from the review of the research is that the higher education system has a range of inadequacies and has failed to perform as intended by the various policy and organisation initiatives implemented over the past half century. Whether or not this is an accurate representation of the efficacy or utility of the system as a whole requires an analysis that provides "a holistic assessment of its underlying structures." (McGee & Edson, 2014). Marginson (2016) describes the ideal higher education system as one which can "enable educational and social mobility on a scale that is consistent with the promise of equality of opportunity." (ibid, p.40). The limitation of achieving this is that the ability and want of government to fund such a system is now lacking. In different ways, and using different terminology, the interviews explored these and other issues.

8.1 System level

8.1.1 Question 1: What are the long-term pressure points and challenges confronting the Australian tertiary education sector?

1. Funding:

The most common response from all participant groups was that the reduction of public funding of higher education is the most current significant pressure point. This answer is consistent with the global issues identified earlier. One Vice Chancellor (VC) was most strident:

Entirely funding...nothing else compares with that challenge for universities. Adequate funding of research is a critical question and most under threat. The whole structure of it (funding) with the sector significantly dependent on foreign student fees and limited appetite from the Australian taxpayer for public support of universities.

In the words of another VC, at best “government funding will remain stable but most likely reduce”. The Commonwealth department with responsibility for higher education expressed the view that “funding and resources are constrained... there needs to be a sharing of responsibilities”.

However, across the range of participants it was apparent that the issue is not solely about the quantum of funds but somewhat more fundamental. An eloquent observation came from a VC who believes “there is a complete disjunction between funding arrangements and the theoretical legal responsibilities of universities.” This observation opens a range of other issues explored in this thesis and in the interviews. The “theoretical legal responsibilities” that the VC alluded to encompass the “objects”, “purposes” or “functions” of public universities as set out in their enabling legislation and are much more than the delivery of undergraduate education and research, which are the two main elements of the current government funding model. This is a vexed and complicated issue. Another VC notes that the sector “does not understand what the appropriate mix of research and education is and what the support mechanisms are, especially for teaching”. The same VC noted that the Mission of the university is clear – “it is education and research with multiple constituencies”. The funding issue directs focus on the mission/purpose of both the higher education system as well as individual universities.

Another common thread from the responses and common across all participant groups, is the need to protect and maybe extend the universities “autonomy to manage their financial affairs and deal with their assets.” This issue will be returned to later.

Other aspects of the funding issue that emerged from the responses are:

- a) The recent implementation of the “demand driven system”: This initiative commenced in 2012 when the Federal government removed the caps on the number of funded undergraduate enrolments into university courses. From 2012 enrolments into university courses rapidly and significantly increased, with a wider range of undergraduate students accessing

university. The interviewees noted that despite the benefits to potential students, the increases are stressing the cluster-funding model for undergraduate education and the assumptions around the cost of delivery of teaching that underpinned the Dawkin's reforms in 1987. General comments noted that the model is not adequate to fund the increase in students that have been delivered via the demand driven system. Additionally, concern was expressed regarding the lack of adequate information on the real costs of teaching.

- b) A second element concerns the alignment of the current funding model to the traditional structure of the undergraduate degree and the interviewees concerns that that structure is itself is under long term threat. The system is encountering demand increases from the mature age cohort of prospective students at both the undergraduate (UG) and post graduate (PG) levels. One regional based VC noted that the "System has become a broader system without consideration as to how it is going to be funded." Another VC noted that Australia's higher education system was a "victim of (its) own success... moved to mass not universal higher education and thinking it can be done on the basis of university models of the 60's doesn't hold."
- c) Thirdly, universities that are dual sector (i.e. they operate both in the higher education and vocational training sectors), face additional challenges. Their business model has additional complications as they must manage two different industrial relations agreements and receive both Commonwealth and State funding – both lines have suffered significant reductions in the past few years.
- d) Fourthly, the sector's dependency on international student fees. A VC from a city-based university observed this dependency as resulting in the "whole system (being) kept going by international students' fees" and as "an immoral and an unmanageable risk" that then becomes a "problem with the business model". However, other interviewees expressed a view that the issue of international students is not "solely about the risks but also the benefits" and the issue "needed to be managed at all levels with no single solution to managing the issue"
- e) Fifthly, the significant dependency on deep cross-subsidisation of research from tuition fees (especially those from international students). Universities need to address their own sustainability and their ability to "live within their means". To quote a regional VC: we are "in an era of resource scarcity"

and a VC from the Go8 noted the “challenge is how you allocate (scarce) resources”. Cross subsidisation is a vexed management issue with different approaches and levels of anxiety apparent between university leaders. The VC approach notes that the government funding of UG courses has always included an element of funding for research. They are united in the inadequacy of that portion directed to research funding and the “inadequate funding of research indirect costs”, which in the words of one VC “is a major distortion in every possible aspect of university activities and not sustainable into the future.” The cross-subsidisation issue, combined with the general chorus from the sector around the inadequate funding of research, is a sensitive issue and has been the subject of many funding reviews undertaken by the federal government over the past decade. One experienced VC commented “cross-subsidisation of research was becoming a highly difficult conversation and a dangerous conversation” and further noted that “cross-subsidisation is OK but should be an institution’s decision as long as it is not a negative for the student.” However, the view from another VC is noteworthy as indicating that the issue is becoming all-consuming:

The need to cross-subsidise has become overwhelming and it’s that need that is driving the whole thinking about what the Australian university is and it’s not at all similar to other universities around the world.

A former VC made an interesting observation that the “volume-based student funding system” is a “more acute challenge the more research intensive you are.” Such a comment neatly understates the planning complexity of universities and implicitly picks up a range of other funding issues already referred to, such as inadequate research funding and the dependence on international student fees. This observation indicates that research-intensive universities have a complex and complicated balancing act to attract an appropriate level of student load (funding) and provide the teaching resources required to educate that load, and balance that against creating time for their academics to engage in research.

Most participants saw these issues as part of a broader issue of the business model and sustainability and indicated strongly that a new approach is required. As one city-based VC summarised, “Governments don’t want to pay for mass higher education, research is expensive, and industry wants to cherry pick but not finance.”

2. Lack of government strategy, policy and vision

A Chancellor opined that the system has “no sense of what they (the Commonwealth government) want out of their universities. (They) don’t have the vision statement”. That Chancellor stated that a similar problem emerged at the State government level with the “lack of actual strategic vision and implementation of strategic vision...” Interviewees, other than the Chancellor/VC cohort, made similar observations. One higher education researcher interviewed noted that “for the first time in its history (we) don’t have a long-term reliable plan about where the system is going and how it is funded.”

Other observations such as there is a “lot of noise in the system but not a lot of big policy thinking in the sector”, or similar, were expressed across the range of participants. On the other side, a recently appointed Chancellor added a different weighting on the issue and re-stated implicitly the strength of university autonomy:

There is a lack of federal government leadership, but this has been an irritation... a lost opportunity. (But) Universities (are) getting on with it.

There was a strong sense of the perceived strength of universities in the system to be able to protect their ability to chart their own course and to assert their autonomy whilst dealing with the various irritations of government policy at Commonwealth and State level. However, the levels of dependency differ across institutions and their capacity to act is constrained by their own individual context and degree of access to other financial resources. Despite this, it was apparent across the institutions’ leaders that protecting the autonomy of universities is critical. Interestingly, the government executives interviewed noted and accepted that the “sector is autonomous” and their task is to “use persuasion and beguiling” to effect behaviour i.e. win “hearts and minds”.

The recent survey findings in the Lacy et al (2017) report relating to interviews and surveys in 2015 of a similar cohort, supports the above findings.

3. The business model.

In the interviews there was much comment about the higher education system and the university business model and concerns expressed about the sustainability of both. At the system level, the issue is that the model is similar across all institutions and thus the pressures are seen system wide. One VC summed up the issue as:

The business model is a combination of things: our industrial framework is a big part of that...it underpins our model. What we offer... our stock in

trade, the degree (3-year bachelors, 2-year Masters, 3-year PhD) are all going to come under enormous pressure... the shelf life of qualifications diminishes... and yet government funds us to deliver degrees. (we are) not funded to deliver anything less than a degree... that is the core.

Another VC from a small university noted, in relation to the workforce that the “(w)hole problem is massification but (we) still have the same workforce and workload model that existed 50 years ago.”

A city Chancellor provided a more cautious view:

(The) sheer fragility and risk associated with being an industry sector in which you are highly dependent on public policy decisions in terms of the regulatory environment... where so much of the funding comes from the government it means that your business model for the institution can change very markedly and very suddenly. (Universities) must plan for sudden shifts in your bottom line.

In a similar vein on the issue of longer-term sustainability and the issue of the lack of diversity a former VC opined:

Universities are all doing the same thing. (There is) no need to fund them all to do the same things. (We) cannot sustain a model, which allows institutions to do whatever they want.

A common thread from the interviewees is the need for a new approach at the system level due to the lack of a coherent long-term government strategy for higher education. The current reality is nicely summarised by this comment from an interviewee: “there is a lack of good public policy and higher education is caught up in philosophical stances and short-termism”.

Most participants noted that this lack of strategy and planning by the government has been emerging over the decades. Similar concerns are expressed in the Lacy et al report (ibid). Two quotes are worth noting:

We have moved away from what were at that time visionary and long-term policy directions into an incredibly short-term ad hoc type of policy, almost policy by stealth and completely disjointed. (p.4), *and*

So, what is the biggest shaping force in Australian Higher Education? The fact that there is no policy. (ibid)

4. Globalization and internationalisation:

These two pressures were noted by several interviewees as driving a loss of local geographical focus and the opening of the Australian system to new local and international higher education providers. The latter aspect has, according to some of the interviewees, been used to increase competition in the broader tertiary education market. Competition is a specific issue discussed later.

Several of the interviewees positioned these two trends as the driving forces behind a host of other significant pressures on the system. However, it was interesting to hear from regional Chancellors and VCs that they are refocusing on their local communities and using the opportunities that globalisation and internationalisation provide to forge partnerships and relationships that directly benefit their local communities. Strategically, it seems that the regional universities have opted to play to their strengths (and manage their relatively small resources) and let the more research-intensive universities (i.e. mainly those in the Go8) to play the global/international prestige game as they are more able to invest in such.

The effects of these pressures on governance caused one VC to observe that “globalisation will challenge higher education institutions as to how their governance looks, both academic and operational” and “the government needs to get its policy settings right” especially concerning “intellectual property management and investment.”

5. International rankings – striving for prestige

One regional university executive opined that “Rankings are distorting strategic behaviour and the key focus is no longer on the student or the public good.” This was a common thread from several of the interviewees from the Other group (non-current Chancellors or VCs) and is an issue that has a divergence of views between urban and regional Chancellors and VCs. One Go8 VC put the issue in terms of the fight for prestige: “that prestige is the attractor for international students and Australian higher education is very successful in attracting international students.” A regional VC saw rankings as purely an area of focus for the Go8 and the federal government and that the success and “workmanlike” performance of regional universities in producing graduates is lacking appropriate recognition. Another regional VC provided a more critical view, noting that: “rankings are really about research performance” with a “mismatch between the esteem factors and what social value we actually want out of higher education”.

Other interviewees, such as executives of representative bodies and researchers, commented that rankings are a limitation on appropriate strategic thinking and that the government and sector needs to look at other qualitative performance measures, such as impact.

6. Competition and Market

Most respondents discussed the greater emphasis and push on the sector to be more market oriented. Linked to that push is the concern over the nature and shape of competition in the sector. The responses indicated that market push and the nature of competition and competitors are significant challenges for the sector, as well as for individual institutions. The competition issues raised in the interviews covered external competition from new providers entering the Australian market and the internal competition between Australian universities. Many VCs and Chancellors commented on the various structural challenges for institutions and their capacity to appropriately respond to these competitive pressures.

One regional VC commented that “increased competition (is) coming into Australia from both international higher education providers coming in and private providers setting up with different financial structures and cherry-picking teaching-only programs.”

One VC from a small university expressed concern about the impact of internal competition in the following terms:

The whole system is incredibly damaged by predatory behaviour even within the system. Australian universities are setting up in competition with each other to cherry pick the profitable bits of others. A silly thing as it is not driving costs down nor quality up... just redistributing income and revenue that is not in the sectors' best interests.

It is clear from most of the responses that the strategies to address these pressures are in themselves complicated by the nature of the university. One VC summarised the strategic and operational challenges by noting that universities “operate in a very peculiar space. Expected to be commercial, entrepreneurial and market driven but also operate under non-market constraints” with “so many stakeholders and so many competing pressures”

One higher education executive interviewed observed that “it isn’t a market at all. It cannot adopt a market premise unless you assume responsibility to protect consumers.” Further, another commented that the policy position is, contrary to what others think, “absent of a students’ or community position.” This latter concern

about the failure of government policy to recognise the community dimension of higher education came from participants at regional institutions. Much of the comment around this issue came up in discussion around the purpose of higher education and the role of institutions.

A regional Chancellor was not as downbeat, commenting that “competition is good, but with forty (40) organisations pursuing the same student then obviously (we) have some challenges.” This comment highlights the lack of diversity in the higher education system and in universities. Another regional Chancellor noted that “competition and collaboration has been there for many years, but it is now more competitive, with no territory limits anymore.” Competition is generally accepted by the interviewees as a correct approach, but as the above Chancellor noted, the market settings and the incentives need to be worked on. The combination of competition and globalisation are powerful forces.

Both forces have many elements and the effects are both broad and discrete across the system and the universities. For example, the same Chancellor last quoted expressed the view that the policy underpinning the demand-driven system was erroneous and “on the student side... what the student wants and not what the market needs.” The strengthened position of the student is a view accepted by other participants. One industry group executive summarised “that students are now increasingly in the driver’s seat as to what they study, where they study, how they study and when they study.” Another Chancellor expressed the view that the pressure from competition for students was increasing more within the urban areas than the regional areas. He noted that if the government moves to deregulate prices (tuition fees), then the market would become even more competitive.

7. Technology – a disruptor and an enabler.

The impact of technology at the system level of higher education raised several different and interesting observations. One VC stated that “technology allows universities to remain comprehensive and extend their reach. The Australian sector has been successful in being very entrepreneurial.” One higher education expert made two distinct but important observations as to how technology needs to be addressed at a system level:

(The) system cannot and should not deal with disruptive technology – more an institutional level issue and a regulatory issue; and

Regulators need to be in touch in detail with understanding the consequences of disruptive technologies so that they recognise (the) difference in quality between

the new and old technology.

A slightly different take on the issue at system level came from a regional Chancellor, who noted the policy and practical challenges. As well as seeing technology as “driving a more streamlined approach to the way teaching and learning and research is delivered,” the “impact of digitalisation on pedagogy” will question “the need for physical spaces” and require “a system wide different view of the traditional models and thinking on pedagogy. This observation indicates that as well as being a system funding issue it is an institutional issue, given the way the funding model of teaching and learning is constructed.

As a footnote to the technology issue, several of the respondents noted several broader impacts of technology on higher education. One long serving VC commented that as a sector:

higher education institutions are underestimating the nature of the world we live in and that we are in a profoundly disrupted world.

Another noted that “technology has been demonised, disruptive to our pedagogy more than at any other time.” Other views on the ubiquitous impact of technology have been noted elsewhere. One VC summarised the broader impact stating that “technological disruption will change the way we do what we do.”

8. Accountability and quality assurance (QA):

These two trends sit well and truly within the regulatory framework and are often discussed in the literature, as part of a global government movement to adopt an auditing approach to managing higher education. This approach is seen in an array of system and institutional steering tools used by governments to govern and protect the economics and reputation of their higher education industry/systems. A city VC observed that Australia’s “higher education system (is) now an important export sector on the back of a high quality and tightly controlled university system.” The same VC noted the importance of accountability and QA in delivering confidence to the public. He commented that:

Universities (are) now very, very good at what they do; (there are) a lot of internal mechanisms to ensure quality; to ensure that they operate ethically and have checks and balances in their structures to give people confidence about the way they run, without overlaying too much regulation.

Similar thoughts were expressed by a city Chancellor who stated quite categorically that “government needs to protect quality ...reputation is key. (It is) entirely appropriate for government to set a reputational framework including governance that is required of all players.”

A senior industry executive confirmed the importance of QA applied appropriately. She commented:

(the) regulatory framework needs to assure quality and perhaps accreditation but in a way that doesn't impede more flexible approaches, more partnerships, more integration, collaboration, new business models emerging very different to ones we have had in the past.

A high-profile researcher interviewed asserted that quality should be part of any central regulator's charter. The Commonwealth department executives interviewed observed that, from their steering position, the QA tools available to government are “working and appropriate”. They too saw TEQSA as the “key tool for QA and academic integrity.”

9. Corporatisation of the university:

Corporatisation arose from nearly every interviewee as a key governance perception issue at both a system and institution level and as an issue that is closely connected to the other issues of globalisation, internationalisation, competition, funding and marketisation of the sector and institutions. Several participants saw the issue as a challenge between the traditional view of higher education as a public good and the more market oriented, private good views that have emerged over the past decades, driven by government policy. One senior university executive described the issue as “institutions being push/pulled toward corporatisation” with demands, for example, “to make a surplus, reduce dependency on public purse; achieve better space utilisation and space management”. The majority seemed to see corporatisation as more cultural than procedural. It was agreed that it is not yet here but will be if universities and the sector generally forget what their purpose is and fail to engage their communities and stakeholders.

10. Diversity

When the issue of diversity arose during the interviews, it was a broadly defined and contentious issue with positions varying across all demographics of the interviewees. One VC asserted strongly that there was a “need to debunk the myth about lack of diversity.” He explained his position by noting that although

there was a “certain commonality about course provision” there were “significant differences amongst universities” with those differences exemplified by “James Cook University which has a tropical focus; a number of dual sector universities (TAFE and higher education); research intensive universities represented by the Go8 and regional universities like Central Queensland University.” A regional VC who agreed, noted that “diversity (is) seen in (the) student cohort; different universities undertake research focused in different areas, but we don’t recognise it (diversity).” One city Chancellor accepted that there is diversity, but confirmed the earlier view that diversity is not really recognised in the system especially at the government levels, observing “both sides of the political fence would like to see greater diversity in universities.” What is meant by greater diversity is a moot point. A contrary view was taken by a former VC who observed that the system promoted one university model:

There is no diversity. (We) have knocked out every other model other than the research university model.

This observation was well supported by other interviewees.

Other comments on diversity included that the demand driven system had led to greater diversity; the student cohort itself is significantly diverse as seen in the broader range of non-traditional students (i.e. mature age; those seeking additional or upgrading of qualifications) entering or undertaking higher education, independent of the demand driven system.

As the above notes, diversity is contentious and depends upon which perspective you take. Those who see nil or little diversity, base their observation on looking at the system and institution level. At that level, they note similarities in the broad structure of universities, programs offered, funding models and research as indicative of a lack of diversity. Those who see diversity base their conclusions on what universities do: their range and focus of academic programs, their depth of geographic and industry connections, their teaching focus, their different research focus, their community/student demographic and their linkages into vocational training and the pathways they offer into university programs. From this perspective, they argue that the system is much broader and more diverse.

11. Professional accreditation

The impact of professional accreditation of programs (such as Medicine, Law, and Engineering) by professional associations was raised as an issue by many. The concern raised is twofold – the increase in accreditations at institution and

program/course level and the consequential concern that professional accreditation has the potential to reduce university autonomy. One Chancellor of a mid-tier city university saw this as potentially a significant threat to institutional autonomy as well as the purpose of higher education generally. He saw professional accreditation as a “real danger; not yet sufficiently visible is the extent to which professional organisations determine what you teach within your structures... unless you do this group of courses you will not get professional accreditation... this is pernicious. Higher education is about teaching people to learn. The growth of external requirements has potential for undermining the whole basis of higher education.”

The opposite position came from a Go8 VC who said that “professional accreditation (is) not a challenge to the autonomy but is a challenge and impediment to innovation.” A middle position was taken by another Go8 VC who said that:

Program accreditation is affecting universities in different ways and to different extents in different disciplines. International business accreditation is more an understanding of local differences. Contrast their approach to veterinary medicine which is arcane, medieval and restrictive.

Apparently, the issue had developed into sufficient importance for Universities Australia (the public universities peak body), to enter into an agreement with Professions Australia, and develop in 2016 a “Joint Statement of Principles for Professional Accreditation”.

12. Other long-term pressures.

Other matters of concern at a system level raised included:

- The “one size fits all” approach to system policy, funding and industrial relations. One VC observed that universities are “not funded to deliver mission. Everyone (is) funded the same even though they are different.”
- The changes to the student demographic and expectations
- The changing graduate labour market. Several interviewees, but mainly those outside the Go8 group, raised graduate employability. One regional Chancellor considered that the “under-employment of a large number of graduates as... more a capital city issue”. The employability issue is complex and complicated, as government policy is firmly pushing employability outcomes as a KPI for the sector and, potentially, individual institutions. A useful comment on the employability issues comes from an

executive with a representative body who stated, “universities are there to produce the career ready graduate. To give them the skills and knowledge to make the choices.” This view positions higher education as a preparer of students for the world of work and accepts that the sector (and government for that matter) has little control over the external work environment into which its graduates progress. Our free market is the driver of employment. As one regional VC observed: “Central control of employment has never worked very well!”

- The competitive labour market (internal and external) for staff – both academic and professional / technical
- The need to review the meaning and expectations of academic work.
- The government and public focus on skills development and creation of “work ready graduates” and the apparent conflating of vocational and higher education. One regional Chancellor cautioned on the need to keep the TAFE and Higher education discussions together as the two sectors have “merged successfully” via “pathways from TAFE to University”. He posited that the government needs to keep the “two sectors together” in a policy sense or else each “will compete for students, funding and infrastructure”.
- The need for a critical review of the purpose of higher education and stratification of the higher education sector, including a revisit of the private –v- public good of higher education debate. There was a strong push that there be a policy conversation promoting, as one rural Chancellor proposed, a strong “geographic and demographic, regional and metro diversity but as part of a continuum of higher education.”

Further, several interviewees noted that the push towards mass and universal higher education access was not being addressed by policy and that the one size fits all approach by government to policy, funding and steering is no longer relevant.

Additional pressures on the system and the individual universities included trends such as the push-pull of market forces, the impact of technology and the change in student attitudes and demographics.

8.1.1.1 Summary

The pressures raised by the interviewees, and their impact on higher education systems and universities are in accord with the research literature discussed in chapters 5 and 6. They continue to be key elements in framing university strategy

and government policy in Australia and elsewhere. However, the interviewees identified some more significant local concerns that underpin governance and leadership of higher education and universities in Australia. These concerns included the current approach by the commonwealth government to policy and regulation development. There was a commonality of views that policy and regulation could be done better and that the process needed to improve with more appropriate and meaningful consultation with the sector. There was a strong theme running through the comments from Chancellors and Vice Chancellors especially, that there was a low level of trust between the government and the sector and this lack of trust was reflected in the current approach to policy and regulation. In addition, the lack of a long-term strategic vision for the sector by the government was limiting the ability of the system to deliver for the public.

Linked to the regulation issues was a building concern about the inroads that institutional and program accreditation are making in to the autonomy of the university. Other issues raised included the business and the funding models and their long-term future as well as an emerging concern that the concept and structure of the undergraduate degree is a long-term risk. It is worth noting that the views of those more directly involved in the working of universities (the Chancellors, Vice Chancellors in particular) have a different nuance to those who I term as less engaged at the institutional level, such as university councillors, regulators, leaders of representative bodies and institutional researchers.

Competition was generally seen in a positive light, but the push to be more market oriented was undermining the public good of universities and diverting resources away from core activity. A few interviewees were keen to highlight that there is significant collaboration across the sector and that this should be more encouraged than competition.

8.1.2 Question 2: Is the current design of the tertiary system suited for the knowledge economy?

There was quite a divergence of opinions as to whether the system was designed and suited for the knowledge economy. There was no single view as to whether a system existed, whether it was designed or evolved and whether the settings were or are correct. The concept of a knowledge eco-system and a research eco-system came into the discussion as well as a fundamental question as to what is meant by the knowledge society and what is the university role in it?

This comment from a VC highlights the complexity of the issues and the system design challenges. His comments focus on the fundamental purpose and role of higher education:

To understand the knowledge society, we need to have a broader idea of what it is that universities do with knowledge: we process it; we produce some of it; we process a lot of stuff produced elsewhere; we hopefully skill others to be successful navigators and users of knowledge.

The participants' views were sought as to whether there is a higher education or tertiary system; if so, what type of system, who are the main actors and what are their views on how it is being governed. This series of questions opened the problem of defining the system in which universities operate. For the interviews and this thesis, I defined the "system" under consideration as comprising only those institutions that offer a bachelor degree and above, according to the Australian Qualifications Framework. Thus, the higher education system comprises public and private universities and private and public providers approved by TEQSA to offer a bachelor degree and above qualifications.

The responses from the participants were quite illuminating and varied across the groups. Many agreed that there was a system of some type and a common view was that higher education was a sub-system of the tertiary education system and that this sub system comprised degree-granting institutions. Its characteristics are, as one Chancellor described: "a system with intense competition and cooperation, plus oligopolistic tendencies." There was common ground that the distinction between a university and other providers in the system was blurring and that there is an urgent need to not only redefine the university and its purpose, but to articulate what the purpose of the system is.

However, not all agreed that there is a system. Some respondents were quite strident in stating that there was no system, nor does it have an agreed purpose nor an overarching level of governance. Others talked about the higher education sector being no more than "a set of practices", an eco-system or an ecology. Although the terminology is important, what comes through from the responses is that universities as a group behave like a system or an ecosystem. This system like behaviour is evidenced, according to those interviewed, by the intense levels of cooperation and competition amongst themselves as well as their interactions with their environment. Most participants indicated that universities are very responsive to policy changes, driven by a still strong dependence on government funding support. Such behaviour supports the definition of a system, as contained

in Chapter 8. Further, the behaviour identified above is indicative of how a system operates and those characteristics also inform the governance of the system.

The responses from the Vice Chancellors and the Other group of interviewees provided more insight into this issue than the Chancellors. Their responses highlight that these two groups are more involved with the sector through their employment, research (current and past) and have more “skin in the game” and a more in-depth engagement in higher education compared to the Chancellors whose background is quite different with, generally, a work history based around senior executive and/or governing board roles in industry and the professions, and substantial governance experience. Very few of the cohort of Chancellors interviewed had any form of academic or higher education management background. Their interests can best be described as practical, with a focus on strategy and leadership. Whereas, the backgrounds of those in the VC group was predominantly in universities, with strong research and senior management experience.

Describing the system elicited several views, especially around concepts of homogeneity and diversity in the system. Amongst VCs, there was significant differences of opinion. One VC from a small university was of the view that:

We confront a university system that is startling(ly) homogenous compared to the rest of the world, with very little fitness for purpose of individual institutions.

A VC from a Go8 university agreed with the homogeneity of the system:

The Australian system is monochrome... all with a single mission and regulated the same way. Not much different from the UK and other countries.

A Go8 VC was of a very different opinion, indicating that in their view it is “not really a system because the funding and regulatory environment does not recognise the diversity of mission.” Another Go8 VC observed that it is “not a system but a set of practices that operate nationally, without national leadership or guidance”.

One regional VC was more positive noting that we “have got a really good system with the settings we have, (it) does a really good job.” Other regional VCs talked positively about there being a system and another took a sociological approach:

...think of it as a higher education ecology. What you are seeing is great volatility, change and dynamism that has real consequences for Australian universities.

The Chancellors interviewed appeared less concerned with whether a system existed. Those who did had varying descriptions. One Go8 Chancellor described it as “a system that has features of intense competition as well as co-operation (and) oligopolistic elements.”

Comments from the “other” cohort of interviewees, which included independent researchers and university executives, elicited a diversity of opinion on this issue. One experienced researcher observed that:

(We) don't have a well thought through articulation of why we have this system, and this is the plan. (We) don't have an appropriate system. (We) allow everyone to do what they like. No guiding light or principles to work with. No feedback loops.

Contrast this to the department executives' view that “there is a system; it can be messy and complex.”

As the interviews progressed, questions arose as to who the main players in the system are and how you frame the governance of the system.

Many participants identified industry engagement as a significant policy and system issue. There were different views as to which industries were part of the system, and many noted the lack of coherent policies to support industry engagement. Maintaining university autonomy and developing flexibility were identified as priorities. Overall, the participants' views were that the presence of a system, eco-system or sector was not the main issue. The lack of an overall plan and purpose for higher education and universities was the significant issue. The comment from a Go8 VC that the sector had a “lack of a coherent policy framework” summarised the views of most of the interviewees.

These latter issues were identified regularly in the responses to question 4 as well as in response to the latter series of questions directed at the institutional level.

8.1.3 Questions 3: Are the current governance arrangements, tools and policies providing the best environment to address the pressure points and challenges?

Question 3 sought to elicit the interviewees' views on the way the system is being governed at the national level and the current governance approach, tools and policies being used. Many of the participants commented generally that technology and globalisation are exposing the weaknesses of the current governance at both sector and institutional level. Some participants commented that despite the current governance and policy malaise, universities had “adapted

and were charting their own course” and letting the political environment catch up. This was more strongly asserted by participants from the Go8 universities and the regional universities. The regional responses revealed an in-depth appreciation that they operated in politically sensitive geographical locations and thus occupied a strong political and policy position, which enabled them to develop and implement strong, locally focussed strategies. This is not to say that they are immune from the policy malaise, but they have been able to accommodate policy indecisiveness and the lack of a clear direction to control what they can and move forward where they can. Despite this, it was accepted that some of the current governance levers used by government are effective in changing university behaviour, albeit that they are isolated initiatives. Interestingly, one former Chancellor asserted that as universities were achieving their objectives and being successful, then this was evidence that all was well despite this current policy and political vacuum.

As observed earlier, the lack of a coherent position by the Commonwealth government was identified as a key issue to be addressed. The VC group constantly identified this issue as a limiting factor on the system maximising its effectiveness. A Go8 VC agreed stating that there is “no rational approach” and “if the government could start a conversation about what they want from a higher education system that would be great.” Comments such as these underpin the push for an intermediating body to address the planning and strategy issues already discussed. However, not all the concern was with the government. One regional VC commented that the “Government (is) not thinking coherently about what it wants to get out of the sector and the universities are not helping.”

In considering the tools and policies in place at the system level it was difficult to differentiate the impacts between system and institution – the connection between how the system responded and how individual institutions responded is strong; as expected of a system. However, the nuances of the system and how universities respond caused one VC to observe:

(There is) a lot of scope for universities to diverge into new areas of business... to establish subsidiaries... a lot of open space and freedom to experiment makes it an interesting space. Its bifurcated character comes through - highly regulated in some respects, but freedom to experiment and develop new businesses in others...it is odd.

Other comments on the adequacy of the current governance settings drifted into issues already raised, concerning the various pressures on the system and the lack of coherent planning or long-term view as to the role of higher education and

universities, from both Commonwealth and State governments. A regional VC summarised the system and institutional issues as:

Universities need to have a clear self-definition. (The) challenge is to be able to define what (a) university is and particularly what the place of the university is in this ecology/sector/system. (There is) real tension in that right now for a couple of reasons - heightened competition for, and mobility of, staff and students and the public policy environment. The public policy is a hybrid model of steering of public universities. We risk becoming mere service providers and not as institutions that must balance a social as well as economic and cultural role.

A Go8 VC expressed a common view of the shortfalls in the policy approach that limit the ability of the sector to address the identified issues. He commented:

The monochrome nature of funding models and expectations of the university from the federal government is not the best. (It) is a one-size fits all approach to governance...absolutely. Assumption (is that) to be a university then you are a research university. Some are pretending to be a research university but patently aren't. We miss the enormous variety and choice for the consumer that you get elsewhere.

The same VC added that these issues are long-standing. An opinion shared amongst many. He describes the current collection of institutions as "one amorphous mass."

Another VC summed up the policy "mess":

Government has an odd way of developing policy: the Commonwealth takes expert opinion, which is a good start, but pulls it apart in private and then uses what it wants and springs it on the sector. It is a flawed process to govern a system if they do not consult and try to align all interests. The idea of (a) quest for excellence has also distorted thinking. (There are) mixed and confused messages e.g. (Government) want the best research but create a highly competitive research funding approach to both funding and infrastructure which requires significant effort for a 14% chance of success. If you wanted a high-quality research system you would not design a system that required so much effort for so little success; government lacks an understanding as to why government wants the outcomes it talks about.

Such comments are supported in the Lacy et al (2017) report, where it is observed that "we have moved into a sense of secrecy, of not wanting to be scrutinized on

the logic of the policies and their internal consistency. We have moved away from a time of visionary and long-term policy directions into an incredibly short-term ad hoc type of policy, almost policy by stealth and completely disjointed” (p.22)

Again, the Chancellor group brought a different perspective to the issues raised by this question, and this different perspective appears to be due to the dissimilarity in their background compared to the VCs group. Their focus is much more on the system settings and policies, as these underpin one of their main tasks as Chancellor, as chair of the governing board. Their focus is on developing and monitoring strategy and risk, and their observations are not necessarily coloured by an in-depth historical view of the role of universities. One Go8 Chancellor opined that an underlying reason for the malaise in system policy and strategy was that “we (universities) have not convinced the government of our importance and worth to the economy.” He added that such a failure may be due to an inflated view by universities as to their position and influence. He expressed this by saying that in reality “universities are not the be all and end all.”

Another Chancellor looked at the perceptions and cultural issues that are holding back the system. He observed that:

People think universities are higher education but there are increasing number of small niche players, as new HEPs (higher education providers), and the increasingly meaningless distinction between vocational and higher education. Eventually what we have got emerging is a tertiary education sector, because universities increasingly provide sub degree courses, VET providers (are) moving into the area that was higher education... so the loss of distinction show(s) a broader sector. Most universities however, (still) see themselves as higher education.

The same Chancellor noted that “the regulatory environment at the moment is a wet blanket across the desires to differentiate”. In his view, the current funding arrangements for undergraduate education are causing “difficulty” and “pushes universities to standardise what they do so that they tend to shadow each other in what they are doing rather than look for a competitive edge... “. Generally, the interviewees saw the reliance on international student fees as limiting the ability of the system to address its various funding and competitive pressures as well as creating significant pressures on the system. Some of these concerns are wrapped up in the broader discussion about the drivers being used to address diversity and enhance competition.

Diversity and competition “goals” were noted by most participants as worthy, but that the government regulatory framework worked against these goals. Part of the concern related to the regulatory definition of a university. Part B1.2 of the Higher Education Standards Framework (Threshold Standards) 2015 sets out the requirements to be called an “Australian university”:

B1.2 “Australian University” Category

The higher education provider offers an Australian higher education qualification

1. The higher education provider self-accredits and delivers undergraduate and postgraduate courses of study that meet the Higher Education Standards Framework across a range of broad fields of study (including Master Degrees (Research) and Doctoral Degrees (Research) in at least three of the broad fields of study it offers).
2. The higher education provider has been authorised for at least the last five years to self-accredit at least 85% of its total courses of study, including Master Degrees (Research) and Doctoral Degrees (Research) in at least three of the broad fields of study.
3. The higher education provider undertakes research that leads to the creation of new knowledge and original creative endeavour at least in those broad fields of study in which Master Degrees (Research) and Doctoral Degrees (Research) are offered.
4. The higher education provider demonstrates the commitment of teachers, researchers, course designers and assessors to the systematic advancement and dissemination of knowledge.
5. The higher education provider demonstrates sustained scholarship that informs teaching and learning in all fields in which courses of study are offered.
6. The higher education provider identifies and implements good practices in student teaching and learning, including those that have the potential for wider dissemination nationally.
7. The higher education provider offers an extensive range of student services, including student academic and learning support, and extensive resources for student learning in all disciplines offered.
8. The higher education provider demonstrates engagement with its local and regional communities and demonstrates a commitment to

social responsibility in its activities.

9. The higher education provider has systematic, mature internal processes for quality assurance and the maintenance of academic standards and academic integrity.
10. The higher education provider's application for registration has the support of the relevant Commonwealth, State or Territory government.

This regulatory protection of the term “university” is seen as a two-edged sword. It protects by creating a hurdle for new providers to set up as a university but, as one VC noted, “one regulatory change (to the definition of university) could significantly alter the sector” and change the nature and shape of competition. That is the Commonwealth government can allow new players or regulate to free up other current providers who are not universities. A few interviewees commented on the need for State governments to modernise their university legislation. The view was that, generally, any attempts at modernisation have been ad hoc.

A critical observation from all groups was that the current funding model for all fund sources, government policy and the industrial relations environment are all structured around the structure and pedagogy of the traditional bachelor degree. This model is the predominant model underpinning higher education. Across all participants there was agreement that this assumption is now out of date and that the bachelor degree is coming under pressure from a range of pedagogical trends such as MOOCS and micro-credentialing initiatives. The “other” group saw this emerging pressure point as indicative of a broader issue relating to the value of the degree as a passport to employment. The focus of universities on research to the detriment of teaching raised the concern that, as one senior university executive suggested, “the market will be stolen” from universities by more “agile, teaching focussed providers with stronger industry links” and that the programs targeted will be those profitable programs which universities need to fund their research ambitions. The interviewees appear to have taken the view that the rise of other providers in higher education in Australia and worldwide, because of government policy designed to push higher education into a more market focussed and oriented sector, may ultimately create a form of “academic Darwinism” and lead to institutional failure.

8.1.4 Question 4: What are the barriers (if any), and opportunities to a more effective governance of tertiary education in Australia?

The responses to question 4 on barriers and opportunities to achieve more effective governance of tertiary education in Australia, similarly, brought forth a range of views. One point of commonality amongst all three groups was the political and policy failure of the Commonwealth government to have a long-term plan in place for the sector. As one participant noted: “there is a lot of noise but not much big policy thinking.”

Several participants (mainly those from the Vice Chancellor and “Other” groups) commented both positively and negatively on the rise of accreditation of programs and universities by various professional associations and accrediting organisations. The positive view is that accreditation, done well, provides the community with an assurance of quality and relevance of programs. The negative side highlighted the prescriptive nature of some accreditations, which inhibit flexibility and the input focus of many accreditation processes which were “old school” and not accommodating of new methods in teaching and learning. It was noted that Universities Australia had sought to address many of these concerns by negotiating a joint venture with Professional Associations Australia outlining an agreed process for conducting program accreditations. Some concerns were expressed about the challenges that technology may have on accreditation and institutional regulation, as these impact on the approach to developing quality in the sector. A failure to appreciate technology may see existing governance approaches and processes become inappropriate.

The latter part of question 4 asked for opportunities to improve. Suggestions for improvement included a review of the university funding model (also raised in responses to other questions); an increase in the professionalisation of university councils by revisiting councillor and Chancellor remuneration (both ability to pay and quantum), to increase the pool of skilled talent available; and for institutions to find a way to speak with a united voice.

An interesting observation from one VC provides a good ending point for this series of questions. His opinion is:

No way (the) Commonwealth know if their regulations are doing any good due to lack of a strong department. (Higher education) is not part of COAG (Council of Australian Governments) meetings. There is no political leadership at state or commonwealth levels. Good regulation requires having the right number of people with the appropriate levels of authority coming

together. It will take time to develop.

In considering governance tools and possible barriers to good governance and options for improvement, I raised the issue of re-instating the Commonwealth Tertiary Education Commission (CTEC). The responses to this issue covered the full gamut of opinion, but the issue appeared more of interest to the VCs than the Chancellors. Outside of those two groups, the Other participants were divided on the utility and purpose of such a body. The views expressed by those in favour of such a body were based on the premise that good regulation and good system governance required such a body, which could provide the central point to discuss important policy and regulatory issues. One VC commented that such a “buffer” body would help protect university autonomy in the way it makes its decisions and runs its business. Another strong VC advocate noted that Australia has a highly regulated sector and that “if (we) have a regulated system then make it well regulated and such a body will assist”.

Similarly, a former VC saw an intermediating body as addressing the issue that there is “no possibility for any significant policy change in our current political system. I warm to the idea of the possibility of placing a body like that with clear direction and real power. (It) may be the only way to get the differentiation in the system.”

Several of the participants believed the Commonwealth department responsible for higher education had lost its depth of knowledge and history, or, as one VC commented, it had been “hollowed out”. Another VC agreed and observed that:

As long as (the sector is) regulated directly by the department, then (it will) always (be) vulnerable to changes in senior personnel and to the quality of the people working in the branch. No thought (is) given by the bureaucracy to the need for continuity as far as the sector is concerned; to build up a deep understanding of the sector”. He saw that “a HEFCE type body could be a vehicle for lifting the level of consideration and thinking that goes into preparing strategy.

Another VC provided a more pragmatic view observing that it would be “attractive to have an independent body, but at end of day it is up to the Minister and parliament”.

Those against such a body were of the view that the remit of such a body would only add to the bureaucracy surrounding higher education in Australia and would ultimately become a “lame dog”, as it would be captured by institutional interests

and politics. A regional VC was of the view that such a body “would not advance us. (It is) hard to believe that any government would let go of those levers and let the body have any control over the sector. (It) would not lessen exposure to public policy volatility.” He added that “we (universities) are autonomous institutions and make our own choices.” One VC was even more direct and supportive of allowing institutional autonomy to operate. He stated that he “doesn’t like sector governance and we should allow higher education institutions to set their own course.”

Similarly, one VC opined that “a buffer body may be seen as moving towards a more managed system...not a good way to run the sector.”

Other comments were along the lines that ultimately it is up to the Minister to make policy and funding decisions, so such a body may not add much value. The Commonwealth department executives’ view was that history indicates that such a body “became a forum for ambit claims; encouraged unrealistic bidding by players in the sector”. One university executive supported this view by commenting that the “intermediating body could be captured by VCs or by the politicians”, therefore the department is where good policy should be developed.

Those respondents who were ambivalent indicated that they were open to the idea but required a detailed discussion as to its purpose, membership and terms of reference. Despite the disparity of views, there was a strong degree of unanimity, from those interviewed, that the Commonwealth government currently lacks the departmental intellectual strength, history and leadership necessary to develop good policy and regulation. In summary, something needs to be done but what that something is, is debateable.

8.1.5 Question 5: Should the current Commonwealth/State agreements for the governance of universities be revisited?

The responses to this question varied across the participant groups. For VCs, most of the views were that there should be a change enabling the total regulatory environment for universities to be under Commonwealth jurisdiction. A related common thread was the need to review the current State/Commonwealth regulatory separation. However, the VCs group did not all agree, with individual views not based upon being a rural or city university or part of a particular university grouping. There was some divergence across the states. It was apparent that this reflected the different perceptions of the current level of engagement of institutions individually with their different state governments – especially if there had been recent “tensions” between universities and their relevant State government.

One regional VC summed up the view of the majority, describing the current Commonwealth/State regulatory set-up as “an anachronism.” Such a view was strongly supported by at least two city-based VCs. Whereas a Victorian city-based VC had a more pragmatic view, observing:

A lot of features of State government regulation of university that is quite irritating...varies between different jurisdictions, but in Victoria we have constraints on disposing of assets and have to get state government permission to dispose and to borrow – (this) allows politicians to buy into the whole question of campus closures or disposal of land upon which campuses are built... (and) allow(s) political interference to find its way in.

He then further commented that,

If all (universities) transferred to (the) Commonwealth, then we are just dealing with a different set of interfering politicians. The problem is solved by removing the restrictions, not by transferring jurisdiction, and getting government out of the way. The problem would not be solved if all universities moved to one jurisdiction.

Indicative of the variety of opinions on the issue, one city VC stated: “in a perfect world a state system is best”. Yet another city-based VC matter-of-factly and pragmatically noted that “we live in a federation and are subject to the positives and the negatives of federation.”

A regional VC looked beyond the simple jurisdictional issue to say that “if (you) look at (it) objectively then it makes sense to transfer to the Commonwealth, but we would risk becoming more vanilla flavoured than what we are!” Similarly, a city VC commented: “connection of a university with a place is a very powerful thing. ... a sense of belonging to a local place. Having a system of universities owned and governed entirely from the Commonwealth frightens me quite a bit.”

Other issues raised in support of a transfer to the Commonwealth jurisdiction included:

- the perception that there is a total disconnect between the regulatory (state based) and funding arrangements (Commonwealth based) with the state “taking more money out of universities than it puts in”;
- Multiple government reporting requirements that are not aligned and minimal state contribution.

For Chancellors the views were a bit more clear-cut, with a significant majority supporting the removal of the State government regulatory role and with a total transfer of the regulatory base of universities to the Commonwealth. Their main rationale being that that is where the funding comes from. A Go8 Chancellor put the position simply: "There is no argument about moving to the federal jurisdiction". A more eloquent description of the issue came from another city-based Chancellor. He saw the issue as:

No greater example of the dysfunction of federalism than that the great proportion of funding comes from the Commonwealth and the regulation is at the state. It (a transfer) won't happen... (the current situation) is a madness.

Another took a different view. His view was that the State/Commonwealth issue was:

Not a big issue. (A) more intelligent way to approach the issue is to throw the spotlight on the state government. For example, universities are big business for Victoria and it needs strong representation in government, but if (the) state genuinely neglects the opportunity that arises then consider other options.

Another city-based Chancellor was even more pragmatic and commented:

If you accept that you are a public institution ... with that comes engagement with local community... part of our public requirement. Not many impediments. Anachronism of time that you are under state legislation... Doesn't make a lot of difference... the Act is the Act.

In a similar vein, but looking at the bigger picture, one regional Chancellor suggested that the "Commonwealth/State relationship re education (from pre-school to post graduate) should be put on the table." He went on to say that "an efficient system needs one manager or good collaboration... (we) should aim for good collaboration." Other Chancellors expressed similar thoughts on the need to rethink the whole national education strategy as the means to address many of the issues raised.

Again, Chancellors saw it as not a big issue and most were of the view that it would not happen anyway. Potential Constitutional issues were mentioned as limiting the likelihood of such a transfer occurring.

Overall, Chancellors as a group saw that higher education today highlighted "a failure of federalism".

The “Other” group of interviewees, which included ex Chancellors and ex VCs, were not much interested in the issue. The Department’s executives’ views were more sanguine. Their opinion was that the “double reporting and duplication issues were overstated”. Further, they cautioned that even if all state-based universities moved to the Commonwealth they “will still need to develop relationships with their state in relation to land use etc”. Simply put they were comfortable that the regulatory position is not complicated and that in their words “the sector is funded and regulated nationally.” An ex VC put it even more starkly: “(the) Commonwealth calls the shots because it writes the cheques”.

The conclusion drawn from the interviews is that each state government has different levels of engagement with their universities but, overall, their level of support was minimal. This minimal engagement applied even though in States, like Victoria, higher education is a significant industry. Many interviewees noted that State governments were still significant stakeholders and their position needed to be respected.

The above concerns are also referred to by Lacy et al report and are summarised by this response (2017, p.22)

What they (state government) do is give us very, very little money but give us a lot of interference. They might then determine the shape of our council ... Their interference and their lack of sophistication and understanding about what good corporate governance is, is a barrier to us being agile and responsive and being able to be in charge of our own future. You feel like you are being hit from the right and hit from the left. They are saying there is less money, stand on your own two feet, off you go, but by the way, we will put all these barriers to good governance around you.

8.2 Institutional level

8.2.1 Question 1: Is the current approach/model of institutional and academic governance still fit for purpose? If not, what changes are needed?

The responses to this question looked at two main governance bodies within universities: The Council (also known as the Senate) and the Academic Board. These two bodies underpin the institutional governance arrangements in most universities in Australia. Although, most Australian public universities are established under State legislation, there are two exceptions: the Australian National University which is established under Commonwealth government legislation and the Australian Catholic University (ACU), whose corporate structure

is that of a company “limited by guarantee”. The ACU is recognised and run as a public university, accessing government funding in the same way as the other public universities.

In considering if the model is still fit for purpose, the interviewees’ responses again provided a diversity of views. Overall, there was support for the view that governance itself was under pressure as universities have grown larger and moved closer to looking like a corporation, in response to the various external and internal stimuli already discussed.

One VC summarised the governance challenge:

(Universities) operate in a very competitive market, they are very large organisations subject to a range of external oversight. (They) operate very sophisticated financial systems and very sophisticated systems for managing IP and commercial activities; and as such, need governance arrangements to reflect such complexity and risk associated with the organisation. Governments need to be in tune with the challenges we face. Universities need a contemporary and relevant approach to governance.

Similarly, another VC commented on the current institutional governance “model”:

It is not fit for purpose and not modernised to take into account the changing nature of higher education and the changing landscape of higher education. (Universities are) living in a very different world and our governance arrangements are really backward looking in terms of the focus and future positioning of higher education.

Contrast this to the view of one Chancellor who opined that: “(the) starting point is that governance is not broke. There is nothing special or difficult if you have the right team.” A similar view was expressed by a former Chancellor who saw institutional governance as “still fit for purpose” if you look at the “outcomes rather than the inputs.” Similarly, this observation from a city-based VC:

...traditional university governance has managed universities in this country quite prudently and well and that most are responding quite strongly to the changing conditions and doing so in a very sensitive way and in a way that works for their own purpose

However, one Chancellor cautioned that the “governance of universities needs to be increasingly student centred. Universities have to be responsive. (There is) increasing competition for students from other HEPS (higher education providers).”

The next sub-sections will analyse the responses relating specifically to the Council and Academic Board

8.2.1.1 The Council

For most public universities there is a degree of commonality under their enabling legislation on the role and structure of Council. Across all participant groups, there was a significant degree of unanimity about the role of Council as the primary governing body of the university akin to, but not the same as, a corporate board.

All interviewees agreed that Councils faced several challenges as they seek to find the best structure and approach to address the internal and external threats and challenges to universities.

The observations from those interviewed helped identify the “at the coal face” Council challenges.

The relationship with the relevant State government generated a diversity of opinions based on the differences between the states approaches to their universities and to the individual institution’s relationships with their state governments. This diversity of relationship covered three broad issues: the membership of Council; the management of land and building assets and debt approval.

In relation to the first issue, a couple of different concerns were raised. Firstly, the requirement in most university legislation that the state government have several appointments on council is seen by most of the interviewees as not reflective of good governance, an historical hangover and, importantly, makes the selection of council members subject to political whim. One VC summarised the issue: “Governance cannot be run by ministers prosecuting effectively political arguments.”

The views of Chancellors to government appointments were similar across their various demographics. Some of the more notable comments from city-based Chancellors include: “At the end of the day they are appointments and may or may not meet the skills needed.” And, it is “utter nonsense of state ministers being able to make appointment(s). Need to run it as a board. Ministerial appointment should be gone...a complete nonsense.”

More particularly, one regional Chancellor noted: “Political appointments are not the way to organize big business. It seems bizarre to have state influence and input into the management and business of higher education institutions when they only have a political stance. A broader approach to governing is required.”

Compare this to the alternative, pragmatic but minority view from a city-based Chancellor: “(The) removal of a government appointment is not going to happen no matter who is in government... it is a public institution. (We) have to work with whoever is in power.”

Having staff and student representatives on Council received strong support across all interviewees; most of whom saw it as being good for Council and institutional governance. An example of the whims of state politics influencing governance related to the recent dramas in the state of Victoria where the previous government legislated to remove the student and staff elected representatives and then a new government re-instated them. These acts of political whimsy were indicative of what many interviewees identified as university governance being inappropriately subject to political posturing and re-enforced the view that the State government influence on governance should be minimised. The only rider to support for elected representatives was that they must have governance training and that they are clear about their roles and, especially, that their primary responsibility is to the university and not to those who elected them. In addition, they need to understand the concept of conflict of interest and the requirements of confidentiality.

For Council no one suggested a return to the old models and approach and most understood that there was a middle ground. A former VC summed up the middle ground by noting that:

Councils these days pretty much function like a board of directors...they understand their governance requirements and fiduciary responsibilities. (They) aren't companies as there are many more stakeholders than the shareholders of companies... (for example) staff, the community. Indicators of success are far less obvious than the indicators of success for a company. Far more complex (organisation) and this requires a broader set of stakeholders on the council.

The two remaining issues, managing assets and raising debt, were lower order issues, but as one VC queried: “What is the public policy argument for a state minister to demand that commonwealth funded students appear on a campus as he chooses when he is not paying the bills?”

All the issues concerning the role of state government on Council can be summarised as a failure of state governments to address what is now an historical anachronism whilst still seeking to exercise control over a part of a sector that it

ceded control of over fifty (50) years ago. One interviewee noted that there is no state role in higher education policy, “only (in) economic policy.” The States are no longer part of the higher education policy and regulatory agenda, but all interviewees accepted the State as an important stakeholder. This state of affairs questions their right to enjoy an influence in institutional governance significantly greater than that of other stakeholders.

Some States are starting to acknowledge the issues. For example, and as noted in Chapter 6.2.1, the state of Queensland has released legislation where it specifically acknowledges that it no longer has a policy or regulatory role in higher education. The Western Australian state government has recently amended its universities’ legislation to address some issues relating to size and structure of council and the universities’ power to deal with land. In 2009 the Victorian state government harmonised its universities’ legislation which updated the Acts and ensured that the governance arrangements for all Victorian public universities are practically the same.

In considering the role and function of Council, some significant differences arose between a small number of VCs and the rest of the interviewees. Although the differences were in the minority, they are worth noting as they highlight a failure to modernise institutional governance - an issue that the clear majority agree upon. The specific issue raised is summarised in this quote from one VC:

The governance side (is) unchanged for decades. Comprised of community and good people most of whom have never worked in a university. *Therefore, councillors are not directors as they do not bring enough to the role to be considered company directors. By and large (Council is) a political body and not a governance body.* We have not confronted this in Australia. (The) principle dilemma in Australia (is) that we have not addressed this issue. If (we) want councils to have (a) fiduciary role then (we) need to change the appointment process; get the right skills. *(my italics for emphasis)*

The underlying logic in this comment indicates the somewhat unique nature of the public university. One VC described the university as a “hybrid – not a corporate and not a community of scholars.”

During the interviews, several other issues arose relating to the Council, most of which had general agreement. Those issues are:

- Size is not critical and should best suit the individual institution, but Councils should be neither too small (like a corporate board) nor too

large.

- Members of council should be selected in accordance with best practice governing body selection processes and in accordance with an agreed skills matrix. Selection of members should usually be via a nomination process, although an election process for student and staff representatives fits within the interviewees' views of best practice.
- Several Chancellors simplified the governance challenge as "getting the right people on Council and selecting the right Chancellor and Vice Chancellor."
- The most important basis for good governance was the relationship between Chancellor and Vice Chancellor.
- Remuneration (or an appropriate level of) for councilors was an issue for some Chancellors in some states, who saw the lack of remuneration as an impediment to attracting candidates with the breadth of experience required.
- Have the right committees in place.

Many participants identified some key fundamentals that Councils need to have in place to be effective in their governance. Those fundamentals were:

- Recruit the right skills mix and experience on to Council. In addition to financial, risk management, systems and legal skills, the need for additional and independent senior higher education experience (academic and management) were identified; employee and student input was seen as important.
- Ensure there is a clear understanding of the risks and that good risk management strategies are in place.
- The need to ensure that Council had clarity as to its role in delivering for students, employers and other stakeholders i.e. clarity of purpose. This clarity is fundamental to developing strategy and to reviewing university form as identified in an earlier chapter.
- Council needs to be clear on its role in and how it engages and implements academic governance within the university – noting that many university Acts proscribe the formation of an Academic Board; and
- Putting in place the systems and processes that enables a Council, comprised mainly of independent members, to be "satisfied that it is

being properly and fully informed.”

The overall challenge for council is best summarised by this observation from a regional VC: “Universities must manage an inescapable tension between notions of collegial management and business enterprise focus. (They) have to find a way to chart a course.”

8.2.1.2 The Academic Board:

With a couple of exceptions, all public universities in Australia have a legislative requirement to have a formal Academic Board to oversee academic governance. In those exceptional cases, the universities concerned have in place a formal academic governance framework. All participants identified academic governance as an example of good governance and a critical responsibility and function. In most universities there is an Academic Board that is empowered by the enabling legislation or by council regulation/statute to be responsible for academic governance. As noted in Chapter 6.2.1, there are some differences in the positioning of the Academic Board in the governance structure between the States. In most States, it was established as the equivalent of a sub-committee of council with the board Chair (also called President) an ex officio member of council. In some universities, there is no academic board but other structures in place to give effect to academic governance.

Across all interviewee groups, it was agreed that the days of a large formal academic board (generally only comprising the professoriate as its members), was coming to an end. As one VC observed: “Academic Boards are that part of the universities that express the tensions around the shift from an old paradigm to a new paradigm.”

Most interviewees accepted explicitly that the responsibility for academic governance is best vested with the academic specialists as it has always been. This does not mean that the historical artefacts of academic governance are preferred, only that the original premise of peer review and oversight is still the best model. One VC summarised the position noting that “academic control of academic activities has remained remarkably consistent over the decades. Tempered ... by having full time management.”

There appeared to be a lot of common ground that, in an ideal world, the organisation of academic governance should be left to Council’s discretion as to what structure best suits each institution’s purposes. The current model of having an Academic Board was the favoured model, although many commented that there

should be more room for Council to determine size, membership and responsibilities. Given that the Academic Board is the preferred option, the various views of the interviewees as to the role and structure of the Academic Board are set out below:

- “Its role is clear - protect academic standards, integrity, quality and academic reputation of the institution.”
- “It must be a well-functioning and independent board”;
- “The Board’s decision making should be principles based around education and research policy, as significant academic governance takes place closer to where programs and students reside – faculties, schools and departments”;
- “The Board should not engage in management discussions”;
- “The Board should aim for flexibility and responsiveness and be prepared to be critical and be prepared to cancel and continually refresh programs”;
- “Boards should adopt a modern approach to their role and ensure that the board is the venue for the academic community to speak and participate.”

8.2.2 Question 2: What are the barriers to more efficient and effective governance of universities?

In describing the barriers to efficient and effective governance in institutions there were mainly general observations. One VC was quite positive about the governance of his university, which was recently restructured to position it for the future with the recruitment to Council of “strong talent”. He noted that “fundamental governance at this university is one of the best because of a very invested council.”

Getting the right people as Chancellor, VC and on Council were identified as key fundamentals for good governance across the interviewees. Another VC commented after a lengthy change process to his university’s key governance bodies, “good governance requires expert input.”

The same VC was of the view that “elections are about as undemocratic a way to get Senate members” and saw this as a barrier to getting the best talent. This view on elected membership of governing bodies was not necessarily shared in those terms, but there was strong support that a formal nominations process was the best way to fill vacancies on governing boards, otherwise elections can be captured by vested interests.

Some of the limiting factors identified related to the difficulty in getting change to occur and, for some universities, the inability or limitations imposed on paying Councillors (referred to earlier).

Several interviewees focused on the limiting effects of culture and tradition. They viewed some of the tradition and culture arguments as more myth than reality. The inappropriate level of influence of governments (both State and Commonwealth) has been discussed in other sections of this analysis and again identified here as limitations to institutional governance rather than as barriers. There was a strong sense from many Chancellors and VCs of the need to re-enforce, as one Chancellor explained, that “self-determination should be the approach” and to achieve that the influences of governments in governance need to be curtailed.

The importance of the role of the Chancellor in setting the right culture at council level and their responsibilities to get the correct skills mix on council was a common response from Chancellors and some VCs. However, getting the “wrong” Chancellor was raised as a significant barrier.

Another interesting concern raised, referred to earlier, relates to purpose or mission of the university. One Chancellor expressed the concern in these terms: “Not sure what is the right mission for the university. Have we got the right balance between looking after our own and educating the middle-class progeny of our neighbours?”

A former VC explained the issue differently: “(We) can only change governance if there is a clear policy guidance as to what the nation wants from its universities...hard to believe that it is going to occur in the current political environment.”

Another VC addressed the perception in the political and public discourse that universities are not preparing work ready graduates. Her view was that this is misinformation and has the potential to distort the policy agenda. In her view, “universities have always been about work place readiness. (The) ultimate purpose was to educate students to be citizens, social citizens to contribute to society which prepares them for work in a meaningful way.”

There was a lack of consensus that universities adopt a more corporate governance style approach as the way to achieving more effective and efficient governance.

The discussion on this point tended to move again towards the need to get the right people with the right mix of skills and industry knowledge on board. One Chancellor

stated that “Universities cannot be run by gifted amateurs”. During the interviews it was apparent that the challenge of getting the right people was greater for regional universities than for city universities.

The size of Council was identified as an issue, but there was no unanimity from the groups as to what is an ideal size. The most common view was that the size of Council needs to “be kept manageable” and appropriate for the individual institution.

Other factors identified as impediments to good governance were that the model of governance “is based around a single campus concept of the university” and the need to ““e-engage academic staff” in developing the strategy of the university. In relation to this latter issue, one VC opined that “academics have a lot of power *but don’t believe they do, and don’t use it well or at all.*” (my italics)

Flexibility was identified as an issue but framed in a variety of ways. Much of it related to the perception that the universities are inherently limited in what they can do by the current regulatory environment. One experienced researcher stated the issue clearly in saying that “if the system requires a university to do research then you are closed off for options.”

8.2.3 Question 3: The funding model, the industrial relations environment and current conceptions of the academic role and academic work are seen as problems for the business model of Australian universities and their governance. Do you agree? Any suggestions as to how to address these issues?

There was broad agreement that the three issues raised in this question are current and long-term management issues which, in their way, influence the approach to institutional (and system) governance. Different elements of the issues were identified. There was consensus that all three issues represented the failure to modernise the financial and industrial models of universities, to make them relevant to the modern environment. Participants agreed that, as a general position, traditional views and models of universities were still shaping the political and policy thinking without recognition of the significant changes to workload and workforce demographics, student attitudes and demands, campus development and the fact that universities have moved a long way from being a teaching and learning community. One VC went so far as to observe that “we still see ourselves as an elite group of scholars, small in number (and) not a drain on the public purse to train an elite group of students for 3 years.” The same VC noted that we have

“massification but still have the same workforce and workload model of 50 years ago.”

This question elicited much discussion on the current pressure points for institutions as distinct from the sector pressure points. Bringing some of the sector discussion to the institutional context highlighted the strong relationship between the institution and its system and the strong affect that the various system policy levers used by the Commonwealth government have in shaping institutional behaviour. The pressure points identified can be summarised as “funding, globalisation, technology transfer and innovation.” The lack of government leadership has already been discussed and the impact on universities has meant that they, as one Chancellor commented, “have no choice but to develop our own systems and capabilities to monitor the environment.”

The issue of student centeredness, discussed in the earlier system level analysis, was identified as an additional factor in assessing the fitness for purpose of the current business and teaching models. The continuation of the traditional form of lecture; the presence of new and more nimble providers and other forms of competition at the program level (MOOCS and micro-credentialing) were all mentioned as challenges to the traditional model of operation, rendering it less fit for purpose and in need of reform. These views are similar to those expressed about the Canadian systems, identified in the Snowdon report (2015), discussed in an earlier Chapter. The risk several of the interviewees see for institutions is that if they fail to address these issues then “students will vote with their feet.” Or, more directly, as one VC noted, the biggest risk is “no students”. One university executive summarised the position:

Knowledge is accessible elsewhere – (creates) sector disruption. The return on investment (in a degree) is now debatable especially as the price has gone up. Alternative routes to obtain the skills at less price will impact (the) sector. The business model (of universities) will fundamentally break unless they maintain value for money in the teaching proposition. If not, the market will be stolen from them.

The participants noted that all universities appear to be addressing those issues over which they have control, especially in relation to academic workloads and the general industrial environment. It was noted that the different groups, Chancellors, VCs and the “Others” regularly confer with their peers in formal and informal settings to discuss these issues. Such actions tend to support the earlier discussion around the lack of a high-level forum where the key players in Australia’s higher

education system can debate and discuss these issues with a view to developing a strategy to address them.

The VC group noted that the workforce/industrial relations conditions are being addressed as Enterprise Bargaining Agreements (EBA) come up for renewal. VCs (and Chancellors) noted that universities are seeking to move EBAs onto a more modern and appropriate footing, but these changes take time and run into the culture and tradition barriers identified elsewhere. One VC provided an interesting insight into the issue. He noted that the sector is “struggling to find a good model of industrialisation of higher education. Teaching and learning and research have been quite craft based... an apprentice style model. Need to make teaching and learning a more collaborative space.”

Another VC commented that the “work load model assumes every academic operates the same – (this is) nonsense!” He noted, and on this there was broad agreement, that the industrial framework is becoming a pressure point. There was a common view from the VCs that they are “chipping away” at the one size fits all industrial framework, with varying levels of success - culture and tradition are the stumbling blocks.

Most participants indicated that many of these cultures and traditions are no longer relevant nor appropriate. Directly linked to the industrial relations issues was the view of most participants that the “one size fits all” funding model is out of date and no longer sustainable. One VC observed that the funding model “hasn’t moved to accommodate the new environment.” The model and its assumptions about academic work and degree structures and delivery is fundamentally unchanged from its inception over thirty (30) years ago.

Other funding model issues/risks raised include:

- a) The lack of sophistication in the undergraduate funding model and the cost of delivery of education. Several VCs especially were of the view that the government (and the sector) has no real understanding of the efficient cost of delivery.
- b) The current funding approach has not accommodated the implementation of the demand-driven system introduced in 2012 (which is now on hold as a result of a government policy statement in 2017), nor appreciates what the appropriate mix of research and teaching is.
- c) The funding model lacks appropriate acknowledgement of city-

regional differences and differences in mission and focus.

- d) The funding model is based on the traditional structure of the bachelor degree, with traditional methods of delivery and restricted periods for completion – all of which are under challenge.
- e) The (possible) financial penalties for student attrition, mooted by the current federal government, are a disincentive to encouraging students to complete over time.

The views put forward concerning the undergraduate funding issue will require a change of political will and policy approach by the Commonwealth government. At present the government has an immediate goal of reducing its overall financial contribution to universities and no apparent longer-term strategy. Other funding issues raised by the participants concern the level of cross-subsidisation of research from tuition fees and the dependency of institutions on international student tuition fees. The current level of dependency upon those fees and the risks that this dependency creates were highlighted as concerns. The fact of cross-subsidisation was of itself not considered an issue. The transparency of the cross-subsidisation process and the possible negative perception by students and the public of tuition fees used for research and not teaching support were identified as issues.

The issues were elegantly expressed by one VC:

(the sector is) fixated on international student revenues. A consequence of inadequate funding settings that don't fund research properly and only do it by taxing international students Systemic reliance on international student fees is not sustainable.

The findings in the Lacy et al report support this view (see: Lacy et al, 2017, p 12).

8.3 Conclusion

There is a diversity of opinion from the sector leaders and researchers concerning the current approaches to governance of universities and those opinions tend to divide across city and rural lines, older and younger institutions and state borders. A common theme was that although some changes would appear logical (such as transferring universities to the commonwealth's jurisdiction) political realities mitigate against such. In relation to institutional governance leaders are picking away at changes to improve governance. Most institutions have adopted good governance principles and have key stakeholders (staff, industry etc) present on

their governing boards, although there is a difference of opinion as to the preferred appointment processes - via election, direct appointment or nomination. The legislative framework limits the options. The fiduciary/trustee roles of councillors are clearly understood, and governance experience is preferred for most appointments. The presence of students and staff on council is seen as a positive overall.

The governance challenges identified in the interviews were similar to the broader challenges already identified in the literature – funding (government and fees from international students), globalisation, reputation, technological innovation, increased demands for accountability and outcomes. The lack of long-term policy and strategic direction at the national /system level was a common concern that is being dealt with by individual institutions. A critical point of agreement was that the current funding model, at the system and institutional level, is not sustainable.

Governance at the system level was generally viewed as either not happening or being done poorly. Part of the problem was the sector's view that there was a loss of trust between the sector and the national government and this is being played out via a lack of proper engagement in policy and strategy development. How to resolve this position was debatable. Some supported the idea of re-creating an intermediating body that brings the parties together, whereas others saw this as adding a layer of bureaucracy that, in any event, would only be advisory to the Minister. There was a strong sense that, at the national level, the issues are in the "too hard basket".

At the institutional level, there was generally agreement that governance was working well, despite the agreed constraints that exist with the various university legislative bases. Chancellors are working to make sure they get the right people on council - even if they are directly appointed by the state government. Building good relationships with the relevant state government is seen as a key strategy. Most of the interviews highlighted that the complexity of higher education and universities was a challenge for new councillors coming from outside the sector and that councils need to target potential candidates with sector experience to build the capacity of council to govern.

There was common view that re-engaging academics in governance, especially academic governance, was important. Across several universities, the frameworks and processes of academic governance were being reviewed to be more efficient and effective bodies. This is a work in progress and takes significant time and consultation to implement.

Finally, many interviewees noted that the view of what is academic work is changing and that is an on-going industrial and cultural issue.

9 SUMMARY AND CONCLUSION: DESIGNING HIGHER EDUCATION GOVERNANCE FOR THE KNOWLEDGE SOCIETY

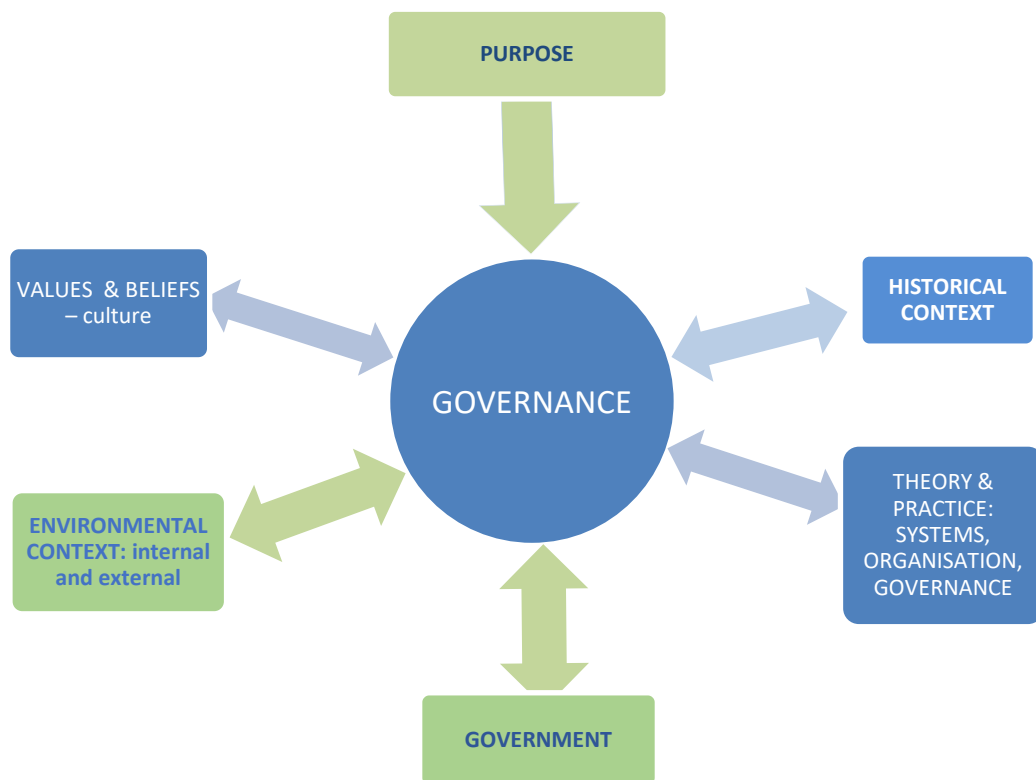
This thesis has considered the research and acquired empirical data to assess whether the current governance arrangements for Australia's higher education system and public universities are still fit for purpose. It is my conclusion from the research and the empirical data that the question is answered in the negative. But what does this mean for the system and institutional governance currently at play? To become fit for purpose requires more than just an adjustment to meet the demands and expectations of a sector under pressure from its many stakeholders.

The conclusions from the analysis of the research and empirical data indicate that there is strong need for a fundamental change in both the approach to governance and the design of the governance arrangements of Australia's higher education system and its public universities. Even though the research and history indicate that universities should prosper in the new globalised, competitive, knowledge-driven economic and social environment, it is apparent that neither the system nor universities have been able to take advantage of the opportunities provided in a substantive way. Part of the reason for this is, as identified in the research, that history and culture have held them back. Despite some commentary to the contrary from those I interviewed, there is an inherent defensiveness at both the institutional and government levels to embarking on fundamental change.

To adapt successfully, prosper and survive, the system, and universities require a change to their current governance culture. They need to stand aside from their defensive mindset and re-engineer their governance arrangements at the system and university level. By focusing on the concepts that combine to create a good governance structure, a pathway can emerge to move the current set-up to be more fit for purpose. In the conceptual model the key concepts do not operate independently but interdependently. They interact with the other concepts but not necessarily with all of them all together. This range of dependencies and interdependencies needs to be appreciated when developing the governance structure and the practices of governance. In the following discussion I will summarise the previous discussions and analysis using the conceptual elements of the governance model. The conceptual model from Chapter 7 is repeated with light

green arrows to indicate those elements of the Model that, from the analyses, have the most influence on setting the design and implementation of the governance arrangements. The three most influential elements are: purpose, the environmental context and government.

Figure 9.1 Conceptual Model - revisited



9.1.1 Purpose

Purpose has been discussed at length in this thesis and designing the appropriate governance arrangements requires there to be in place a clear and coherent statement of purpose(s). Once “purpose” is clear, then the governance and associated structures and processes can naturally follow. It is a one-way dynamic - if purpose(s) changes then the governance arrangements need to be reviewed to ensure that they facilitate the achievement of purpose.

At the system level, a clear position arising from the interviews was that, for Australia, there is an immediate need for a clear statement or re-statement of purpose, of strategic intent, for higher education and universities in modern Australia. At the meta-level this is framed in terms of government policy, given the significantly influential role of the government in higher education. There is a

malaise and lack of clarity of purpose. As one of the interviewees commented: “(You) can only change governance if there is a clear policy guidance as to what the nation wants from its universities...hard to believe that is going to occur in the current political environment.”

Similar thoughts are contained in the Lacy et al (2017) report with the comment that “the trick becomes designing a system to make sure it benefits everybody even if they are not fully in support of it and even if they don’t fully want to pay for it...” (p.19)

At the university level there was a solid opinion that the university mission should be re-thought and possibly re-defined. The need to re-define the roles of universities in the system is to facilitate a move to a more sustainable model.

Related to the issue of clarity of purpose(s), were the consistent views expressed in the interviews, that achieving diversity in mission and purpose was impeded by the current one size fits all approach to the development and application of various instruments of governance. Diversity of purpose was seen as achievable within a clear articulation of the overall purpose(s) of the higher education system. Deloitte (2014, p14) signalled a similar approach noting that poorly designed governance arrangements (in their report referring to the university enabling legislation) can impede or limit the achievement of diversity.

9.1.2 Environmental context

The research literature and the interview responses confirm that there are fundamental changes to the higher education environment happening now and on the horizon. These changes are influencing the strategic thinking of the sector. Most countries and governments are aware of the challenges facing their higher education systems and universities and have primary responsibility through government reforms for those changes. Many of the changes to the environment (both external and internal) are driven by government reforms that have resulted in the university becoming more complex, its administrative demands costlier and the expectations of its academic endeavours more arguable. Clearly, the business model is under pressure. This interaction of two governance dependencies, external environment and government re-enforce the complexities underlying higher education systems and the institutions. The impacts of these changes is ongoing and there continues to be significant discussion and research into what the future holds for higher education nationally and internationally as indicated in the recent reports and research discussed in the thesis.

The universities are regularly scanning their environment (local, regional and global) to enable them to set their operational and academic strategies (and for some universities their survival plans) whilst, in their view, the system and government leadership stagnates. The combination of these pressures and challenges feeds into the governance mindset, the supporting structures and policies, as universities attempt, within their frameworks, to adapt and adopt to the changing environment.

The rapid spread of, and increased utilisation of, technology across many education activities was identified by many interviewees as an important development in the external environment. When combined with new players entering the market of creating and disseminating knowledge, the traditional form and function of the university and the design of the current higher education system comes into question. Some interviewees, especially those closer to the coal face of university operations, acknowledged that universities were slow to pick up on the challenges that information and communication technologies have nurtured but, in their view, universities had some protection from competition due to the existing regulatory requirements to operate as universities. However, as one Vice Chancellor noted, it only requires the Minister to change the definition of “university” in the regulations to fracture the current system and expose universities to greater competition, which for many, means they will not be able to compete. The influence of ICT is not only an external issue but also an internal institutional systems issue. In chapter 4.2, I referred to the issue of big data. Technology innovation has rapidly increased the generation, collection, collation and analysis of data from the external and internal environment. As was discussed in chapter 3 on systems, a key element of the efficient operation of complex systems is the need for formal and informal feedback loops where changes in the environment (internal and external) are fed back to the governing bodies in a manner which enables them to respond appropriately. The discussion on systems noted the importance of data and information as a key element in providing system feedback. With higher education being a complex adaptive system, the collection, collation and analysis of data is important in enabling the system to observe the effects of various stimuli in and around its environment and to adapt. Data also provides evidence of outcomes and efficiency in producing outcomes. It provides the information needed to inform the development of government and institutional strategy and policy. At the institutional, internal environment level, collecting, collating and analysing large data sets is important for research (and to comply with government research data regulations), and operational efficiency, as well as

for tracking progress against objectives and informing strategy. ICT's influence as an external and internal environment factor is wide ranging.

Another environmental issue on the horizon relates to the continued efficacy of the undergraduate degree as the credential of preference. The public as key stakeholders are raising concerns through a range of outlets as to the value of the degree. Similar thoughts are emerging from other stakeholder groups. These conversations are another example of the interaction between the environment and other dependencies, in this case the government, historical context and systems theory. The degree structure underpins the business model of public universities and the government's funding model, as well as the regulatory framework of Australia's university system. Yet, many interviewees highlighted that alarm bells are sounding, and the current undergraduate degree model is nearing the end of its useful life. The environmental context interacts with the other dependencies. The changes in the environments (economic, political and societal) can question the existing purpose(s) of higher education, alter priorities of purposes, impact funding models, access and arrangements to name a few. The environment can shape current and longer-term political discourse and the economic environment impacts funding and the world of work into which graduates progress. Further, as noted in chapter 4 & 5, the overall societal attitude to the value of higher education is also changing.

The lack of a long-term vision and strategy was an issue that also sits within the environmental context and within the Government dependency of the conceptual model. Several interviewees indicated that, as part of rebuilding trust, and to achieve good regulatory and policy outcomes, there needs to be put in place a process to enable a discussion to be undertaken with stakeholders to facilitate the development of good policy and strategy. At present, the perception is that the Commonwealth government, as the chief sponsor of the system, believes it has a plan in place, whereas the university leadership sees that plan as a short-term political posture with no strategic vision, with no overarching and agreed set of goals and having a lack of intellectual and political capacity to deliver it.

Another important element of the environment is movement towards an increase in competition and collaboration. These aspects play out at the institutional level in the competition for staff and resources, the focus on brand (influenced strongly by the focus on rankings) and the drive by governments for more collaboration with industry in relation to research. Universities have a history of local, regional and international collaborations (amongst themselves and with industry and the

professions) especially in joint research endeavours. Many of the interviewees acknowledged the proud history of universities in collaborating and noted that competition has benefits as well as warnings. A common concern was that the competitive environment was narrow and unsustainable with institutions all competing for the same staff and resources and operating in a one size fits policy and funding environment.

As with the other elements, the interviewees appear well informed of the challenges and as a group were decidedly negative that at the system level the potential and actual impact of these challenges is only given lip service in policy and strategy formulation. At the institution level there is active discussion but no significant change that could be classed as disrupting or disruptive. Institutions are tweaking more than re-engineering their governance and operating structures to address the challenges.

9.1.3 Government – funding, regulation, legislation and policy

The State, broadly defined, is a key player in the governance of the Australian higher education system and its universities. The examination of the research literature in Chapters 2, 6.2 and 6.3 and the empirical analysis in Chapter 8 show how the State exerts strong influence over university behaviour via a range of governance levers such as the push towards a stronger market-responsive approach, funding, regulation covering operations and recognition (e.g. accreditation) and market access. It plays a significant steering role in the governance of the system via policy and regulation and is an element that makes up the environmental context that the system and institutions must accommodate. As previously discussed in Chapter 8, the distinct lack of strategic guidance from the state, and the “one size fits all” approach to regulation and policy in Australia is a cause for concern. The current government approach to funding and policy is considered short-term, out of date and a restraint on institutions and the system.

As examined in prior chapters, the government drive for the system and universities to be more market responsive influences the strategies and structural approaches adopted by universities. This approach has heightened concerns about financial sustainability (of the system and institutions), resourcing and risk. As referred to in chapter 8, the view is that government approach to higher education lacks strategic direction and clarity of purpose(s) and is failing to provide the necessary differentiation and diversity to create a more effective system and set of institutions. From the interviews and research this approach is seen as “a one size fits all approach” and yet universities, although structurally similar, have

quite different student populations and local and regional demands which make this “simple” policy approach inappropriate. Short-term issues (mainly funding) are predominating, and there is little, if any, good governance. The common view was that the system is not sustainable in its current form.

The government influence on institutional governance is also strong. The above conclusions play out in the internal governance of universities as they design their strategic and operational responses by interpreting policy to best fit their own local strategic goals and to implement, within constraints, a range of long and short-term strategies to ensure their survival as well as their development. Their responses reflect their individual levels of dependency and scarcity, which in turn reflect their individual history, philanthropic success, reputation, price, student load, access to other resources and geography - but in no order of influence. The broader influence of government in shaping and steering the system environment sees universities compete in the same space, do the same things and adopt similar governance practices. It is proof that isomorphism is a dominant trait of the sector and the universities. However, as noted in chapter 6, Australia’s universities have pluralistic and competing demands that they need to meet, and these demands are mandated within their government legislative frameworks. Frost et al (2016) term this challenge as the “paradoxes of governance”. The Chancellors and Vice Chancellors tended to see this as one of the challenges of university governance and not a structural governance issue per se.

However, despite the challenges, governments (and universities) have been defensive of their existing positions and slow to critically review the appropriateness of their governance structures as established in the enabling Acts. Universities legislative arrangements are historically based, mandate sameness and create structural impediments to being agile and responsive and require government engagement and agreement for change to be effected. Notwithstanding the many adverse comments in the many government reviews over the past 30 years, there has been no significant movement to address the concerns raised. This failure is true at both Commonwealth and State levels.

9.1.3.1 Resourcing risks

A sub-set of the challenges from the current government funding approach are those concerning access to other public and private funds. These challenges are adding to the perception of resource scarcity and dependency of the Australian system and institutions. Most institutions are developing a range of strategies to address the funding constraints (public and private) that they operate under. The

dependence on international students to provide universities with access to funds to support a broad range of activities was noted by most interviewees as a significant long-term risk. There are interdependencies in play as well. The brand perception and positioning of individual institutions is part of the environmental context and, according to the interviewees, is important in attracting non-government funds via international student recruitment, philanthropy and industry research funds and support. Brand and reputation were deemed important in attracting high calibre/high profile academic staff, which re-enforces brand and reputation as another attractor of scarce resources. The perceived lack of diversity and the one size fits all approach to undergraduate funding also play in to the resourcing risks discussion in that, as noted by the interviewees, Australia's universities are all competing in the same market for the same pool of funding to deliver programs and build and maintain facilities, recruit staff and engage industry.

9.1.4 Historical context & values

I have grouped these two dependencies, as the literature review highlighted the strong relationship between history and values that condition how universities respond to innovation, reform and change. Australia's history of higher education is relatively short with significant growth only in the past half-century as indicated in Figure 6.1. Nevertheless, the Australian universities adopted from their English university exemplars some of the fundamental values developed over the centuries such as academic freedom and university autonomy.

Higher education systems have a much shorter history (refer Chapter 3.2), however it is apparent that the history and values of universities has influenced the way the systems respond to various stimuli.

Respecting history and values are two key factors that governors need to be aware of in the practice of governance. Appreciating the influence of these factors in any governance arrangement is critical to developing good and effective governance - at both the system and institutional level. This is not to say that history and values are determinative, but they are important in progressing any change process. They tend to be the basis of a defensive mindset. The empirical analysis noted the importance of understanding existing culture (values) and the historical positioning of universities in the governance and operations of the university and higher education. These norms have a role to play as the vehicle to engage stakeholders (and staff in particular) in moving the change process forward. As Clark (1983) observed in discussing change in universities and systems: "Desired changes

attenuate and fail unless they become a steady part of the structure of work, the web of belief, and the division of control” (p.237).

In reflecting on the interviews, there was strong agreement on the importance of history and values in the proper governing of the university and to governance in general. Different perspectives between the Chancellors (most of whom have come from senior corporate backgrounds) and Vice Chancellors and other senior staff (with strong histories working in universities as academics) as to how that importance was reflected in the governance arrangements was apparent. One conclusion to be drawn from the interviews is that Chancellors saw it as important that the governance arrangements acknowledged and supported history and values but not to the detriment of good governance arrangements nor to restrict the ability of the university to adapt to its changing environment. On the contrary, and it is only a nuanced difference, the VC and some of the Other group tended to regard that the governance arrangements should adapt to and protect existing values. Overall, the interview responses re-enforced that history and values have played a key role in building the strong defensiveness within the sector to fundamental change.

Clark’s observations referred to above still have resonance but, significantly, pre-date many of the major transitions in the global higher education environment that have occurred apace from the mid 1980’s. Those structural and operational earthquakes have, as the more recent research identifies, shaken up many of higher education’s traditional views of its purpose, role, values and operations. Stakeholders, internal and external, have raised questions about the efficacy of higher education and governments, representing the public, have imposed “conformance and performance” requirements.

As well as respecting history and values, governance reform needs to identify the breadth and depth of stakeholders to be included in the decision-making processes and to acknowledge the individualistic nature of academic work and its accompanying beliefs. This is consistent with what Clark (1983) observed and with a new broader meaning of shared governance. History and values are part of both the internal and external environment. They link into the external environment via connections such as the various academies and the research peer-review processes.

Change is impacting the historical reference points of the traditional university form and structure that underpins existing university structures. Discipline-based organisation boundaries that framed knowledge discovery and delivery and drove

university organisational forms are being re-engineered (structurally and via policy) to facilitate more efficient operations, as universities respond to the current and future demands and the need to be more efficient with their resources. The strict boundaries between disciplines are now more opaque and porous as cross-discipline activity in both teaching and research becomes an important aspect of current university operations. In addition, the competitors that have entered the market, especially in the high volume, low cost and profitable disciplines, are not concerned with being known as a university and have adopted a modern, technology enabled and boundary-less education model. They have entered the market place with a more flexible and expendable organisation and workforce structures. These competitors are targeting the “cash-cow” disciplines which are critical to the financial health of all public universities.

9.1.4.1 Rebuilding trust

The interview responses indicated strongly that university leaders and executives believe there is an urgent need to rebuild trust between the universities and government and re-engineer the whole approach to developing system policy and strategy. This view is consistent with the recent reports and research in Australia analysed in this thesis. Addressing this at the system level will require a change in approach from government as to how it creates policy.

At the institutional level, the perceived break down in trust between academe and management is a key feature of the research, as discussed in Chapter 5.4. The research has indicated strongly that corporatisation, the demands for greater accountability and performance etc have driven a wedge between management and academe and created challenges to the traditional values and culture of academics as well as questioning the traditional meaning of academic work. The recent discussions around an expanded definition of shared governance, as discussed in Chapter 2.6.2, positions the role of academe in institutional governance in a different light. The impacts of technology and the emergence of on-line education paradigms have played a part in fragmenting academic work and seen the emergence of professional education technologist whose role and work do not fit the traditional view of academic work and yet are critical to the academic enterprise. The growing influence of the non-academic workforce has seen them gain a role in institutional governance alongside academics. However, the research asserts there is a need to effectively re-engage academe in institutional governance, especially academic governance. Trust may have been a victim of the changing environment but so, it appears, has the sense of attachment of the

academic to the university, and this is a factor in the apparent lack of engagement by academe in governance.

9.1.5 Theory and Practice

The influence of theory and practice is that these elements assist governors analyse and understand how governance agents and actors respond to various governance instruments, policies and processes. Having this understanding provides the rationale for better designing governance instruments and actions to achieve desired goals.

In Chapter 3, I identified that the Australian higher education system fits within the definition of a complex adaptive system and our public universities are complex organisations. The university is a complex, adaptive, but “loosely coupled” (to use Wieck’s term) organisation structure. McGee and Edson (2014) talked about the “density of causal connectedness” as another way to explain the intense complexity of university systems and the governance challenges that creates some of which were identified in Chapter 3.2.6.

This system and organisation complexity is evidenced by the presence of multiple purposes (missions); a form of isomorphism driven by a “one size fits all” approach to national funding and regulation regimes; an outdated view of the definition of academic work; the change in the demographics of the student and the impact, in the broadest sense, of key trends such as massification, globalisation and ICT. The research highlights that the approach to governance at both levels of analysis (the system and institution) has not changed to reflect this new higher education and university environment. University education has clearly moved from its historical roots as an elite collegium to the centre of societies’ economic and social reform, but its governance has not so moved. These changes have changed the way agents and actors operate within the system and the institution; have broadened the range of higher education stakeholders and facilitated their ability to seek engagement in the governance of the system and institutions.

Further, the changing environment has helped drive changes in the practice of governance, broadened the typologies of governance to include network governance and helped lead to the emergence of governance standards and the principles of “good governance” (refer Chapter 2.5). Legitimacy, for example, is an important principle. It is achieved in an organisational environment where the governance actors view decisions as being made the right way; that their input is received and considered (but not necessarily accepted); and the decisions are seen as fair. History and values play in this space, especially in relation to the role

of academe in decision making. The “new” emerging role of management in governance - especially in those areas which were historically the sole domain of academe – are creating a new history and value set that needs to be taken account of in considering legitimacy. The concept of shared governance has been re-defined to address this transformation and today is seen the fundamental basis for the redesign of university governance. The term “shared governance” appears more in the research literature than in the conversations about governance that flowed during the interviews. It is arguable that most of the interviewees assumed shared governance as a given position for good governance, and their view of shared governance was broader than the original concept of management and academe sharing. Their approach mirrored the broader shared governance position that includes all key stakeholders in some way in the governance of universities. The concept is tied up with engagement. Many interviewees discussed the need to have better and broader engagement with stakeholders: staff, students, government and industry were identified as key groups to engage with. However, at the system level, the responses from the interviews indicate that there is no true shared governance or that it is more governance via Ministerial fiat within a veil of collaboration.

Designing or reshaping a new shared governance approach, especially at the system level, will depend on applying good governance principles, especially the legitimacy principle which includes the requirement to rebuild trust between the key stakeholders - a concern raised several times in the interviews and noted as important by researchers like Stensaker and Vabo (2013).

The research review looked at the utility of organisational theories and their use in analysing the behaviour of organisations and their agents. Organisations need to understand and adapt to their environment to be successful and to not merely survive (Sporn, 1999). The research showed that governance, management and leadership need to work together as they are the key elements in enabling higher education organisations to adapt to their changing external environment. Thus, the theoretical constructs necessary to inform governance have a relationship with the environmental context in which system and organisations exist. Several interviewees saw such alignment in their universities, but not at the system level. I conclude from their comments that such alignment enabled them to forge their own institutional course despite the lack of leadership at the system level.

Another key element in the practice of good governance identified by several interviewees, was getting the right people involved; providing them with access to

support, development and information in a form that enables them to efficiently and effectively consider and decide. Both Chancellors and Vice Chancellors identified the need to manage the information demands on council. These issues are quite complex and requires there to be a balance between ensuring council members get the right information at the right time and in the right format. In addition, the information provided should facilitate councillors from outside the sector to gain knowledge about the university and higher education, enabling them to better contextualise the information provided by management. At the practical level, the University Council secretaries confirmed the need to educate external (from the sector) members and to provide the right amount of, and requisite detail of information, to Council. This is not just an Australian issue as Taylor (2013) noted when looking at UK universities, where he noted the significant knowledge and information disadvantage of some council members chosen from outside the sector.

The combination of the issues discussed above increases the time demands on council members, and consequently has seen some universities in some States move away from the volunteer model and start remunerating their councillors. One Chancellor made it clear that the time demands, workloads and the lack of appropriate or any payment limited the pool of available council candidates. Any solution to ensuring that we get the “right people” will need to address these practical issues otherwise good governance may be compromised.

The interviews revealed (confirmed by a review of various University Council websites) that Chancellors and Vice Chancellors are working together to continue to address the skills requirements needed of all council members and are considering ways of addressing the time commitment and information management issues. However, limited access to information, the time taken for external members of council to understand the university and the sector, and reliance upon executive management continue to be risks to good governance.

Isomorphism (i.e. all universities look and act the same) was discussed in relation to systems and universities and it emerged from the research and interviews that there are strong isomorphic tendencies in the Australian higher education environment, driven by a combination of regulation and incentives; the pursuit of prestige and reputation (as indicated by rankings) and the approach and practice of governance at national and state government levels. The negative effects of isomorphism were reflected by interviewees who noted that the “one size fits all approach” to setting policy and governance is out dated and restrained diversity.

9.2 Summary

From the outset, the aim of this thesis was to develop an approach, strategy and set of governance arrangements to better fit the demands of the knowledge society and better enable the higher education system and universities to meet the myriad of pressures and challenges facing them now and in the future. Achieving this will enable the system and universities to not only survive but, in Harding & Harrison's (2015) words, remain "recognizable as a university" (p.22).

Australia has too many universities all trying to do the same thing. This is not the same as having too many universities, although some interviewees also hold this view.

Addressing the challenges is a significant and complicated process and, the empirical analysis showed that many Australian universities are making their own adjustments. However, it was noted that the structural and political constraints are but one anchor. Most of the Chancellors and Vice Chancellors indicated that doing nothing may open the system and individual universities to significant negative outcomes and they are pushing ahead with some reforms which are within their power to implement. The demands for accountability, privatisation, internationalisation, the financial dependency on fee paying international students and the continued development of a mass access system continue to generate system and organisational pressures. With these pressures come concerns about the sustainability of the system and institutions in their current form and with their current business model. Without the benefit of an agreed long-term strategy and an agreed set of outcomes, adaptation may become a survival of the fittest (and richest) and there may be little diversity. Resource dependency is a real issue raised in the interviews, especially by those from regional universities that are resource challenged compared to many of their city based, older and "more prestigious" colleagues. The constraints they operate under are, according to one Vice Chancellor, inversely correlated to their financial and reputational assets.

Although universities as institutions have unique capabilities around managing change, as their continued existence in the relatively same form for many centuries may evidence, the current environment in which they operate is revolutionary and transformative and requires a similar approach to governance. The system and the institutions have an inherent conservatism and reluctance to move away from the existing entrenched arrangements. Tinkering is rife, and the regulatory environment plays a key role in supporting this defensive mindset. The issues and

challenges are known, but there is a reluctance to recognise or implement solutions.

9.3 Where to from here?

Overall, the review of the research and the interviews provide evidence that the traditional approaches to governance are no longer appropriate to enable universities to achieve excellence and sustainability in their mission or purpose - no longer fit for purpose. The limitations of these traditional approaches are being highlighted in the public domain and questions as to the most effective structure to aid achievement of mission and goals are raised but not answered.

Much of the research asserts that universities are not as effective in producing their “goods” as they assert and, nor are they efficient operators. (E.g. Ross, 1976, Shattock, 2002, Bok, 2013, Massy, 2016). These observations around efficacy and efficiency are factors in how governments develop their policy approach to the higher education system and the levers they choose to steer the system. Nonetheless, system governance, to be effective, needs to reflect good governance principles.

The review of the research and analysis of the interviews highlighted that to be an effective institution is more than simply generating sufficient income to remain in business or to assert strongly in the public domain what it does. Although as one university councillor interviewed observes “no margin, no mission”, financial success is only part of the story – albeit vital. The university needs to prove itself to its stakeholders. Better governance is a solution that has had much support in the research over many decades. Ross’ (1976) observations, made over forty years ago, that the “central problems within the university” (p.273) will revolve around “defining its role in society and finding a structure of government that will permit it to function effectively” (ibid) are still pertinent and supported in the research and the interviews. These observations confirm the importance I place on “Purpose” in the conceptual model.

Harris et al (2005) and Weick (1976) also identified inherent weaknesses and inefficiencies in the traditional governance structures of Council, Academic Board and Academic structures (e.g. schools, departments). They conclude that these structures, as currently organised, are not conducive to cross-discipline activity, achievement of purpose or operational efficiency in the modern environment.

The dependencies in the conceptual model provide the framework for the development of more fit for purpose arrangements by identifying the key elements

to be considered in designing and improving governance. As with change generally, it requires a commitment to change from the actors involved.

Re-engaging academe with the university was identified as a necessity. The success of a university in today's market-oriented, performance managed environment where measures of success are identified on the achievements of the academe (rankings; research assessment; teaching quality and business-university collaboration) cannot occur without the active participation of the academy (Taylor, 2013). It is a "two-way street" with the research and interviews highlighting that, overall, the academy is not as engaged as it should be. Developing a trusting environment and engaging them as part of a broad shared governance approach, where their expertise and input is most needed, is critical.

Academic governance is a key element in the governance of higher education - this is not in dispute. It is an example of where truly shared governance can take place and provides the evidence of governance legitimacy, honours history and values, builds trust, and engages key stakeholders in critical decision making about the quality and assuredness of the academic programs of the university. Academic governance is the quality assurance and reputation protection mechanism of university councils, exercised through a separate Academic Board (or similar entity).

In Australia, the question is: what does our strikingly homogenous environment where all institutions are competing for the same students, staff and connections mean for governance, strategy development and organisation structure? The conceptual model and the widely accepted principles of good governance indicate that the governance arrangements should enable the system and the university to deliver across its many purpose(s) in the most effective and efficient manner. Achievement is dependent upon access to resourcing and capabilities, and identification and management of risks. The governance arrangements should support the strategy to achieve those purposes, engage relevant stakeholders and engage with the values and culture of the organisation. A good governance set-up will facilitate agility, adaptation and innovation in an ever changing and challenging external environment.

9.4 Designing Australia's university and higher education system for the knowledge society

Our higher education system is best defined as a complex adaptive system (refer Chapter 3.2.5), and this provides a well-researched evidence base to develop fit

for purpose governance arrangements. What does being a system mean for its governance and the governance of the individual institutions that make up the system? An important governance aspect highlighted in the research and the interviews is that, at the meta level, there needs to be a clear purpose and it needs to be contextual. Boggs et al (2017) expressed it of fitting the culture and needs of countries (p. 99).

The collection of institutions that makes up a higher education system differs across countries: in some, universities are separated out from vocational or further education institutions, albeit within the broader tertiary education system. In Australia, the system comprises a range of institutions, public and private, apart from universities, that offer Bachelor level and above qualifications.

The research and interviews highlighted some key governance deficits in Australia's current higher education system which I have already discussed. The following sections takes those deficits as a starting point for proposals to re-design of the Australian system's governance arrangements.

9.4.1 Proposal 1: Re-define the purpose(s) of Australia's higher education system - drive diversity

From the research and the interviews, it is reasonable to conclude that the Australian higher education system should have a diversity of purposes/missions. It is strongly supported in the research that these purposes need refreshing rather than a complete re-thinking, to accommodate the changing external environment in which higher education now operates. The priority of these purposes will be determined by the resourcing, strategy and policy (and politics) and the strategic objectives of the individual universities. Overall the system needs to accommodate a breadth of purposes and a breadth of players. However, this does not mean that all universities should adopt the complete breadth of purposes.

A system with a broad set of purposes and the appropriate governance approach should facilitate diversity of universities within the system. Governance arrangements can support this by utilising regulation, policy and funding tools that allow institutions to identify, develop and play to their strengths to achieve some or all the agreed purposes.

The starting point is developing those purposes. The following list of purposes for the Australian higher education system is Proposal 1:

- to develop the intellectual capacity of individuals and prepare them for the current and future world of work and society

- through research, both basic and applied, identify and develop solutions to address Australia's social, environmental, intellectual and economic challenges now and in the future
- through research, both basic and applied, help shape the development of policy and strategy for local, national and international communities
- Drive and support innovation locally and globally
- Develop the intellectual, social and economic capacity of the communities in which universities are situated – physical and virtual.

In addition to these broad set of purposes, the current regulatory definition of an “Australian university” should be addressed so that institutions can still be universities even if their predominant activity is teaching rather than research.

9.5 Developing policy – engaging stakeholders

The parlous state of the politics and policy development in Australia's higher education system was identified in the interviews as a key barrier to achieving good system governance. The views highlighted the critical role of government and the responsibility of government to develop good policy that will support the achievement of the system's purposes. In the current political environment, a circuit breaker is needed to encourage debate, align interests, improve consistency and develop a visionary and long-term strategic direction. As importantly, it is needed to rebuild trust between the stakeholders - especially between government and universities. It is a difficult and contested space.

The sector is a main driver of Australia's economic future, being a key source of the talent, insight, new ideas and intellectual property required to build a high-performing knowledge-based economy. The interview responses confirm that universities see this as their space and are comfortable being there. Another key element of this innovation, growth and development engine role is that the sector provides life-shaping opportunities for thousands of students from economically disadvantaged communities. Thus, the shape and performance of the sector matters critically to the future of the nation, yet the accepted autonomy of universities means that policy makers are limited in their ability to influence the decisions of individual institutions, to drive their future shape and performance. Unless they strive for an alignment of interests through a collaborative approach to developing sector strategy and policy and a (re-)building of trust, then the agreed purposes (themselves a contestable space) will not be achieved.

The views of McGee & Edson (2014) identify a preferred approach to governance of complex systems (refer to Chapter 3.3) and are repeated here. Their approach aligns, albeit not word for word, with the good governance principles and with the responses of many of those I interviewed. Their approach sits within the conceptual model as part of the theory (and practice) supporting the model.

The principles that McGee et al identify are:

- Governance should “favor influence over control” of agents
- Strategies to influence agents’ behavior should find a way to link desired outcomes to the outcomes that are attractive to the agents.
- Governance should avoid mechanisms designed to “impose artificial order and resist change”. Tools should facilitate and increase the system’s agility to freely adapt and reconfigure to accommodate changes.
- Governance should empower rather than restrain the actors
- Governance will be more effective if it sets “high-level system targets” rather than “component-level detailed targets”. Such goal setting will encourage collaborations

Given the challenges and the apparent negative position of the relationship between universities and government, coupled with the need to develop a long-term strategic vision and develop good regulation and thus good system governance, there needs to be in place a mechanism to bring the players together to address these issues.

9.5.1 Proposal 2: Establish a system governance body

The proposed solution is to establish a system governance body to oversee the Australian higher education system and provide a vehicle to debate, develop and recommend to government a set of purposes for Australia’s higher education system; drive diversity; provide expert input into policy and debate and propose strategies and goals to achieve them and track progress. Included in those outputs is a clear, broad and flexible statement as to the role of university education and research in the higher education system, recognising the autonomy of individual institutions to set their own course as to how they carry out some or all the agreed goals.

Such a body would act as a “buffer” between the government (as chief sponsor of higher education) and the institutions and create a true governing body for the system which it currently lacks. It can be the expert body to inform and develop policy that supports the long-term directions for the system. The overall purpose of

this body is to recommend an agreed long-term strategic vision for higher education; identify and develop sustainable finance and funding options/models for the system; consider a revised regulatory framework (including consideration of a move of all public universities to a single regulatory regime); recommend an agreed implementation plan, milestones, indicators and create a resourcing plan required to give effect to the recommendations.

This body would not act like the former English Higher Education Funding Council (“HEFCE”) nor the University Grants Commission of Hong Kong both of which manage funding allocation to universities and undertake the role of regulator as well as a forum for broader debate and discussion around policy and strategy within the sector.

(NB. The role of HEFCE is now part of the Office of Students and Research. Details of the role of the Hong Kong UGC can be found at <http://www.ugc.edu.hk/eng/ugc/about/overview/roles.html>)

Australia has TEQSA as the regulator and quality assurer for higher education providers (including universities). TEQSA is now well supported in its role by the sector and its role should not change.

A key function of this new body is to be “devoted to data collection, international comparisons, projections of social and economic demand, forward planning, medium-term capacity building and public discussion” (Marginson, 2012), but only in relation to the higher education sector and not the broader tertiary education sector.

This body should have standing as a statutory body and be reviewed every five to seven years. The governance and management of this body is to be entrusted to a small (six to nine), full-time membership of persons with higher education expertise, appointed by a Nominations committee comprising government and sector representatives. In addition, there be put in place a form of Industry Advisory board, with membership nominated by industry, business and professional groups with a direct interest in university education and research policy.

Although limited to higher education, the body will be required to promote cross-sectoral cooperation and coordination, especially as TAFE-University pathways have become significant elements in attracting and training students.

This body’s Charter should include responsibility to develop linkages with state governments, universities and industry and have a secretariat comprising the

requisite policy and analytical capacity and expertise as well as administrative support.

Once formed and membership in place, its first two projects should be to develop a definitive long-term strategic view on higher education and the role of universities and to review the current regulatory definition of a “university” in Australia.

This body could take the role of the governing body for the system. It provides the vehicle to govern the system following the McGee principles, supports the conceptual model and provides the vehicle to reflect the “good governance principles” (refer Chapter 2.5) especially the principles of legitimacy and voice for all stakeholders. It removes the national government from the role of governing body for the system but does not diminish its role as chief sponsor and regulator.

9.6 Governing universities: Governance *in* universities.

The university is now much more than a collegium and closer to a corporate body in the education and research business. As a business it has a broad range of responsibilities, as an employer, product producer and deliverer, researcher, community developer, social economist, tax payer and corporate citizen. It has many stakeholders and is a member-based organisation where the membership in Australia includes all staff, students and alumni.

The interview responses indicate that the practice of university governance is following good governance principles but there are issues with the structure, the culture, the level of engagement of staff (academic staff in particular), and with the selection process for members of the governing bodies.

The goal of any change is to enhance flexibility for universities to adapt, innovate and facilitate the achievement of their objectives. One view of the challenge comes from a VC I interviewed. He described the challenge in these words:

(We) need a contemporary and relevant approach to governance. (To) ensure we maintain those principles of academic freedom; collegiality and consultative decision making and freedom of our academic Senate to be prominent in their role in our organisation and the relationship with our governing bodies and ensure we capture that and remain responsive, entrepreneurial, well governed, financial sustainable but also nimble and responsive to the market. ...Sometimes governance can become very fraught.

Trakman (2008) explains it a different way, stating that “(new) governance structures at universities requires a sustained commitment to identifying what an institution was, what it is and what it might become.” (p. 66)

The Carnegie & Tuck model of university governance set out in Figure 2.2 identifies three governance domains - scholarship, performance and conformance - as part of an integrated shared governance approach that has appeal. It is a more detailed example of my higher-level conceptual model and creates a model that is a vehicle through which a “contemporary and relevant approach” to good governance can be practised.

The legislative framework of Australia’s public universities was a key question put to interview participants. In response to whether the current state government legislative arrangements were the best option, one participant suggested that universities completely change their corporate character by moving from being a creature of statute to be a company limited by guarantee (as defined in the Australian Companies legislation). The Australian Catholic University is such an entity and RMIT University was. That option had not been widely considered and generally lacked support. The option that received strong support from a significant number of interviewees was to move all state legislated universities to the commonwealth legislative jurisdiction - like the Australian National University.

9.6.1 Proposal 3: States to refer all legislative power relating to universities to the Commonwealth

The Dow review (Dow & Braithwaite, 2013) concluded that the regulatory environment was not a “coordinated, transparent way to enhance simplicity and minimise duplication” (p. 40). The current multi-jurisdictional regulatory environment that Australia’s public universities exist in is no doubt a contributing factor to the Dow conclusion. Duplication of reporting driven by this multi-jurisdictional reporting environment was highlighted by many interviewees as in need of addressing. From a governance perspective, duplicate reporting creates potential issues with implementing good governance. Good governance principles include accountability and effectiveness. Limiting the range of accountabilities to satisfy financial, regulatory and operational requirements will make for good governance and efficient use of resources. The current requirement to satisfy accountability requirements for two tiers of governments is not the most efficient and effective use of limited resources and, as indicated in the conceptual model, influences the design of the governance arrangements as well as impacting on resource allocation.

For the current group of public universities, transferring them from the state government jurisdiction to the federal jurisdiction has a great deal of appeal given that the fundamental regulation of the sector is primarily based within the federal jurisdiction and the bulk of public funding flows from the Commonwealth direct to the universities. It is an option that received broad support from most of those I interviewed, albeit that practically, legally and politically, such a transition would be difficult, especially in the short term. As with the current arrangements concerning corporations' law, this transfer could occur if the political will and cooperation is there, via a referral of powers from the State under Paragraph (xxxvii) of the Australian Constitution.

9.6.2 Harmonise the legislative framework of public universities

Whether such a referral occurred, I argue that there are strong reasons to move to a revised and harmonised legislative framework for public universities. The Deloitte (2014) review of the Australian National University ("ANU") considered the published research and learning on good governance and adapted it to the university context. Many of the findings of the Deloitte Review support the conceptual model and reflect good governance principles. Taking the conceptual model and the findings from the research review, the legislative framework for a public university should:

- Provide clarity as to the purpose or purposes of the university
- Broadly define the functions of the university enshrining autonomy and supporting "functional coherence and operational efficiency" (Gallagher, 2001, p. 54) and be consistent with the new regulatory definition (as per proposal 1) of what is an "Australian university"
- Support operational and organisational flexibility to adapt to changes in the university's internal and external environment
- Ensure universities are empowered to undertake strategic, financial and operational activities that support the achievement of objectives
- Redefine and simplify accountability and reporting requirements
- Ensure appropriate engagement of key stakeholders in developing the strategic direction of the university, without mandating as to how that engagement is to be reflected in the governance structures
- minimise prescription as to governance bodies and their membership

9.7 University governing bodies:

9.7.1 Council

The main responsibilities of the governing body are setting culture, strategy and values, reviewing performance and managing risk and undertaking these responsibilities whilst being cognisant of the history and traditions of the university.

As is currently stipulated in much of university legislation in Australia, a governing body of the university is provided for and it is called a Council or Senate. The proposed model legislation should list the following broad Council responsibilities:

- Setting the strategic goals of the university and monitoring performance against those goals
- Provide oversight of all university activities – academic and operational
- Implement appropriate financial and operational risk management strategies and regularly review the university's risk plan
- Develop processes and guidelines (including a skills matrix) for appointments to Council
- Develop the processes for appointment of Chancellor and Vice Chancellor.
- Appointing and managing the Vice Chancellor
- Delegate responsibilities to nominated staff including the power to delegate
- The provision for and the process of determining the remuneration of Council members

9.7.1.1 Membership of council:

Unlike the current university Acts, the new Act should have minimal prescription as to the membership of the governing body and make clear that the role of the primary governing body is that of “trustee” and not representational. Guidance on this style of governance comes from the 2010 “Voluntary Code of Best Practice for the Governance of Australian Universities” developed by Universities Australia as well as from the recommendations contained in a range of government reviews previously referred to. Some States have already moved to specify minimums as well as a maximum number for their University councils. I propose that good governance requires that there should be a minimum as well as a maximum number of council members, with Council empowered to choose what number is best for its university. The number range considers the desire to provide a place on the Council for a broad range of stakeholder input and whether certain skills set

are required on Council. Based on the opinions provided by the interview participants and the recommendation in the various government reviews on the issue, I propose that the range for Council membership be between nine (9) and fifteen (15).

All appointments need to satisfy a Council developed skills matrix which is consistent with good governance practice. The skills base should include skills and experience in the operations and management of universities, as well as experience and skills in higher education. During the interviews, a common theme was that university councils are lacking adequate independent higher education management and academic experience and skills. Councils need to assess the required skills, experience and expertise that it deems necessary for good decision making and to strengthen its ability to challenge senior management. Increasing the diversity (e.g. gender, experience, industry) of council membership would add value to the decision making.

Councils need to be entrusted with the responsibility to govern their university, but there needs to be in place a process to address governance failures, and this is where the government role in university governance should begin and end.

In addition, Council needs a membership that understands efficient decision making and understands what information it needs to satisfy itself that it is adequately informed and has the tools and data needed to manage risk.

The membership and appointment process should follow good practice and ensure that the required skills mix is accommodated. The membership should comprise a mix of senior and non-executive members of the university with most members being non-executive i.e. independent members. A couple of key principles should be in place:

- The Chair of Council, the Chancellor, should be appointed via a separate independent nominations process and not elected from the Council membership. The Chancellor should have significant experience as a Chair and experience in governing large complex organisations.
- The Council to determine if it desires to fill any vacancies with nominations from the student body and/or staff, so long as there are still a majority of independent members.
- The Council to establish standing committees and establish their terms of reference; skills matrix and membership. The Chair of these Committees to be a member of council and membership to be a majority of internal

appointments with the capacity to appoint externally if required. The standing committees to be:

- Academic governance, quality assurance and engagement,
- Nominations
- Remuneration
- Finance, Risk & Audit

The following recommendations provide the foundation for university council to design its operational structure and business model.

9.7.1.2 Council operations and organisational structure.

- The form of the university organisation is for Council to determine based around its best endeavours to support and drive efficiency of operations, effectiveness in decision making and the delivery of education and undertaking research and engagement. Academic freedom and autonomy within disciplines is necessary to drive innovation and the flow of data. Risk management is a critical concern with the systems and processes in place to track activity, to support risk management and support decision making and resource allocation without stifling creativity.
- Council policies and processes should set the overarching guidance to develop the necessary form of operating environment and include a statement of high-level principles to cover the development and delivery of its academic and strategic programs; the nature and type of activities that it engages in to support its purposes, including quality and risk management. University management then uses these principles to assess and recommend (or not) the development and implementation of its educational, research, engagement and commercial activities and to investment or divestment of assets.

9.7.2 Academic governance

Academic governance is a critical process to assure internal and external stakeholders that the academic activities of the university are of the requisite quality and are achieving the desired outcomes. All universities have a model of academic governance usually in the form of an Academic Board or Senate created as a committee of Council. There are exceptions to this model.

The interview responses noted that most universities had moved to alter their academic governance arrangements, usually by reducing the number of members on their Academic Board, changing reporting lines and setting more definitive

terms of reference for the Academic Board to clarify the body's academic governance responsibilities. Several universities still have a large Academic Board. The interviewees were consistent in their view that the tasks of the body or group set up to oversee academic governance were broadly limited to academic quality and assurance matters and specifically not operational or management matters.

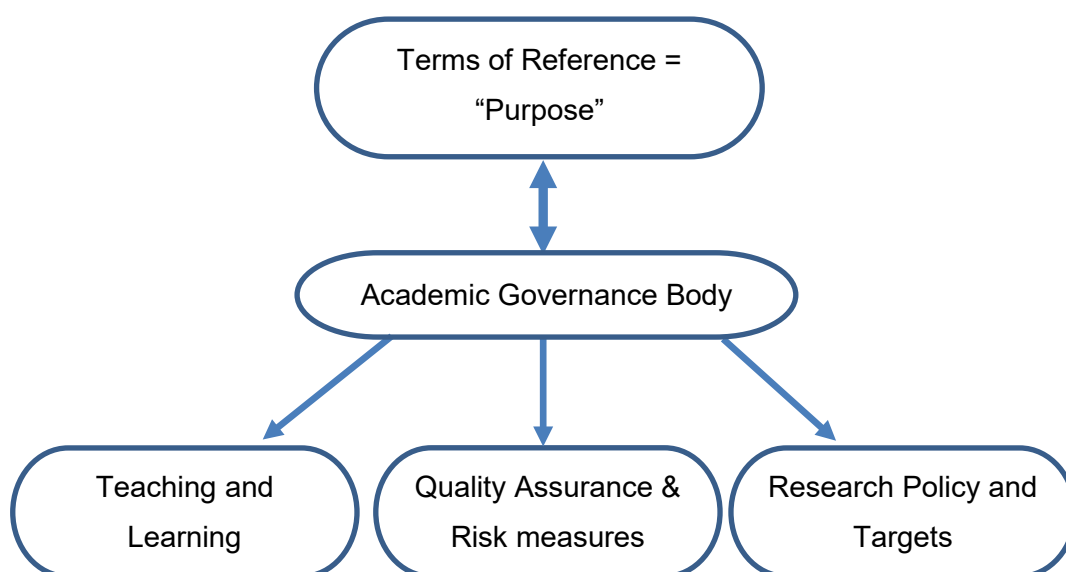
In developing a model of academic governance, as with governance generally, there needs to be a clear purpose (as the conceptual model requires) and alignment with the principles of good governance. Initially, then, a clear definition of the role and purpose of academic governance within the university is required. Once those two criteria are met the university can consider options to operationalise academic governance so that Council, the university membership and the external community are assured that the university's academic activities and programs are of the requisite quality, relevance and comply with internal and external accountabilities.

The machinery for academic governance in Australia needs to be cognisant of the regulatory oversight that is currently in place via TEQSA.

Good and effective governance arrangements require the combining of the various elements of the conceptual model: understanding the environment; values; understanding how systems and organisations work; an appreciation of history; the role and expectations of government and clarity of purpose. These concepts are then reflected in getting the right people involved and providing the appropriate induction for them – key steps highlighted in the interviews.

In conclusion, there is much research and practical guidance to enable Australian universities to revisit and, if necessary, redesign their academic governance arrangements to ensure the effectiveness and efficiency of the academic activities of the organisation and engage stakeholders. At the practical level there is a need to populate the boards with members/stakeholders with the right skills and experience relative to the activity being governed. For the academic governance body, the skills and experience should be predominantly related to the main academic activities of teaching and learning, and research, as well as skills in governance. Prestige and reputation are important issues and academic governance requires identification and understanding of these risks and how to manage them. Figure 11.1 illustrates the proposed high-level Model of academic governance arrangements:

Figure 9.2 Academic governance model



9.8 Future research possibilities

This Thesis focuses on the governance of higher education as part of the broader tertiary education sector at the macro level of the Australian higher education system and at the institutional level limited to public universities and limited to the main governing bodies of universities. A research project looking at the governance of the broader Australian tertiary system incorporating vocational training providers, private higher education and training providers and the interactions at the governance level of the national, state and territory governments would enable a complete picture of the governance landscape and its challenges to be developed.

9.9 Final remarks

There is strong evidence that the current approach to governance and the models in place in Australia's higher education system and public universities are no longer fit for purpose to steer and drive higher education. The system needs a circuit breaker and a more collective approach to governance to enable a proper strategic pathway to be developed and a cohesive plan to be put in place for universities to engage with. The "one size fits all" approach to funding, policy and workforce development is no longer suitable nor sustainable for the development of a diverse, innovative and efficacious higher education system. Leadership is required, but there is a concern that the current political environment will not see the leadership required.

At the university level there is strong support to implement fundamental change, but history, politics and an inherent defensiveness are significant barriers to overcome. However, now is the time to start the discussion and perhaps this thesis will provide some direction and ideas to progress the discussion.

REFERENCES

- Aldrich, H. (1979). *Organizations and environments*: Englewood Cliffs, N.J.: Prentice-Hall, c1979.
- Altbach, P. G., & Salmi, J. (2011). *The road to academic excellence : the making of world-class research universities*. Washington, D.C.: World Bank, c2011. Retrieved from <https://ezp.lib.unimelb.edu.au/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=cat00006a&AN=melb.b4102266&site=eds-live&scope=site>
- Andrei Shleifer, & Vishny, R. W. (1997). A Survey of Corporate Governance. *The Journal of Finance* (2), 737. doi:10.2307/2329497
- Ansell, C. K., & Torfing, J. (2016). Handbook on theories of governance. [electronic resource]: Northampton, MA: Edward Elgar Publishing, Inc., c. 2016.
- Armstrong, A., Jia, X., & Totikidis, a. V. (2005). A comparative study of governance in the public sector versus the private sector in Australia. In: GovNet Annual Conference, Contemporary Issues in Governance, 28-30 Nov 2005, Melbourne, Australia. Victoria University.
- Arnold, D. (2013). Traditions of Systems Theory. [electronic resource]: Major Figures and Contemporary Developments: Hoboken: Taylor and Francis, 2013.
- Arum, R., & Roksa, J. (2011). Academically Adrift. [electronic resource]: Limited Learning on College Campuses: Chicago: University of Chicago Press, 2011.
- Audit Office of New South Wales. (2015). *Governance Lighthouse*. New South Wales, Australia: Audit Office Retrieved from <http://www.audit.nsw.gov.au/publications/governance-framework>.
- Audretsch, D. B. (2014). From the Entrepreneurial University to the University for the Entrepreneurial Society. *Journal of Technology Transfer*, 39(3), 313-321. doi: <http://link.springer.com/journal/volumesAndIssues/10961>
- Austin, I., & Jones, G. A. (2015). *Governance of Higher Education: Global Perspectives, Theories, and Practices*: Florence: Taylor and Francis, 2015.

- Australian Institute of Company Directors. (2013). *Good governance principles and guidance for Not-for-Profit Organisations*. New South Wales: AICD.
- Australian National Audit Office, (2014). Public Sector Governance- Best practice Guide. Canberra. Australia: Commonwealth of Australia.
- Bahls, S. C. (2017). Shared Governance: Dividing Territories or Aligning Priorities. *Proceedings of the 34th Academic Chairpersons Conference*, New Orleans, LA.
- Baird, J. (2006). Beyond Professionalisation: Enhancing the Governance Culture for Australian University Governing Boards. *Tertiary Education and Management*, 12(4), 297-309.
- Baird, J. (2014). International, hierarchical and market influences on Australian university governance. In M Shattock (Ed) *International Trends in University Governance: Autonomy, self-government and the distribution of authority* (pp.145-164). Retrieved from <http://unimelb.ebib.com.au/patron/FullRecord.aspx?p=1707428>
- Bang, H., & Esmark, A. (2013). A systems theory of Good Governance. *Paper presented at the ICPP, Grenoble*. http://www.icpublicpolicy.org/IMG/pdf/panel_45_s1_esmark.pdf
- Bastedo, M. (2004). Open Systems Theory - *Encyclopedia of Educational Leadership and Administration*. SAGE Publications, Inc., Thousand Oaks <http://dx.doi.org/10.4135/9781412939584.n406>
- Bell, D. (1973). *The coming of post-industrial society*: [electronic resource]: a venture in social forecasting New York: Basic Books, [1973]. Retrieved from <https://ezp.lib.unimelb.edu.au/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=cat00006a&AN=melb.b3964034&site>
- Benjamin, R. (2006). Recreating the Faculty Role in University Governance. In J. C. Burke (Ed.), *Fixing the Fragmented University: Decentralization with Direction*.: Wiley, John & Sons, December 2006.
- Benkler, Y. (2008). The University in the Networked Economy and Society: Challenges and Opportunities. *EDUCAUSE Review*, 43(6-), 59-60.
- Berry, D. (2011). *Purpose sections: Why they are a good idea for drafters and users*. Retrieved from https://www.opc.gov.au/calc/docs/Loophole_papers/Berry_May2011.pdf

- Bertalanffy, L. v. (1968). *General system theory: foundations, development, applications*: New York: G. Braziller, c1968. Rev. ed.
- Birnbaum, R. (1989). The Cybernetic Institution: Toward an Integration of Governance Theories, *Higher Education*, 18(2), 239-253.
- Boggs, G. R., Elsner, P. A., & Irwin, J. T. (2017). Global Postsecondary Education. *New Directions for Community Colleges*, 2017(177), 95-103. doi:10.1002/cc.20245
- Bok, D. (2013). *Higher Education in America*. [electronic resource]: Princeton: Princeton University Press, 2013. Retrieved from: <https://ezp.lib.unimelb.edu.au/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=cat00006a&AN=melb.b5718468&site=eds-live&scope=site>
- Bokor, J. (2012). *University of the future: a thousand year old industry on the cusp of profound change*. Australia: Ernst and Young. Retrieved from: <https://ezp.lib.unimelb.edu.au/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=edsmai&AN=edsmai.53624&site=eds-live&scope=site>
- Borden, V. (2012). What do the data say? Web Retrieved from <http://www.lhmartininstitute.edu.au/insights-blog/2012/10/105-what-do-the-data-say>
- Boulton, G., & Lucas, C. (2008). *What are Universities For?* Retrieved from website: <http://www.leru.org/index.php/public/publications/publications-2002-2009>
- Bradley, D. (2008). *Review of Australian higher education. [electronic resource]: final report*: Canberra, A.C.T.: Dept. of Education, Employment and Workplace Relations, 2008.
- Brewer, D. J., Gates, S. M., & Goldman, C. A. (2002). *In pursuit of prestige: strategy and competition in U.S. higher education* / Dominic J. Brewer, Susan M. Gates, and Charles A. Goldman: New Brunswick, NJ: Transaction Publishers, c2002.
- Cader, H. A. (2008). The Evolution of the Knowledge Economy. *Journal of Regional Analysis and Policy*, 38(2), 117-129. doi:http://www.jrap-journal.org/pastvolumes/most_recent.htm

- Campbell, D. F. J., & Carayannis, E. G. (2016). Epistemic governance and epistemic innovation policy in higher education. *Technology, Innovation and Education*, 2(1), 1-15. doi:10.1186/s40660-016-0008-2
- Caplow, T., & McGee, R. J. (1958). *The academic marketplace* [by] Theodore Caplow [and] Reece J. McGee. With a foreword by Jacques Barzun: New York, Basic Books [1958].
- Carnegie, G. D., & Tuck, J. (2010). Understanding the ABC of University Governance. *Australian Journal of Public Administration*, 69(4), 431-441. doi:10.1111/j.1467-8500.2010.00699.x
- Clark, B. R. (1983). *The higher education system: academic organization in cross-national perspective* / Burton R. Clark: Berkeley, Calif.: University of California Press, c1983.
- Clegg, S., & Bailey, J. R. (2008). *International encyclopaedia of organization studies*. [electronic resource]: Los Angeles, [Calif.]; London: SAGE, 2008.
- Coaldrake, P., L. Stedman & P. Little. (2003). *Issues in Australian University Governance*. Brisbane: Queensland University of Technology. Retrieved from <http://www.unimelb.edu.au>
- Coaldrake, P., & Stedman, L. (2013). *Raising the Stakes*. [electronic resource]: Chicago: University of Queensland Press, 2013.
- Collini, S. (2012). *What are universities for?* London; New York: Penguin Books, 2012.
- Curtin University Act 1966* (Western Australia). Retrieved from: https://www.legislation.wa.gov.au/legislation/...nsf/main_mrtitle_235_currencies.html
- Davies, S. L. (1981). *Establishing the Martin Committee. [manuscript]: a study of the setting-up of the Committee and its preliminary discussions*: [Melbourne], 1981.
- Davis, G. (2004). *Tiers or tears? The regulation of Australian higher education*. Melbourne.
- Dawkins, J. (1988). Higher education: a policy statement. (064408300X). Canberra: Australian Government Publishing Service.
- Dekkers, R. P. D. (2015). *Applied systems theory*: Cham: Springer, [2014].
- Deloitte. (2014). *Review of the Australian National University (ANU) Act 1991*
Retrieved from Australia:

http://www.anu.edu.au/files/committee/Report%20on%20the%20Review%20of%20the%20Australian%20National%20University%20%28ANU%29%20Act%201991%20and%20the%20governance%20arrangements%20of%20the%20ANU_1.pdf

Deloitte. (2016). *Estimating the public and private benefits of higher education*. Retrieved from <https://docs.education.gov.au/documents/estimating-public-and-private-benefits-higher-education>

Department of Education and Training. (2002). *Review of University Governance*. Victoria, Australia Retrieved from <http://www.education.vic.gov.au/Documents/about/research/revunigovern.pdf>.

Department of Prime Minister and Cabinet. (2014). *Reform of the Federation White Paper, Issues Paper 4*. Canberra Retrieved from <https://federation.dpmc.gov.au/issues-paper-4>.

Department of Trade and Industry, U. K. (1998). *Building the Knowledge Driven Economy*. United Kingdom Retrieved from <http://webarchive.nationalarchives.gov.uk/20070603164510/http://www.dti.gov.uk/comp/competitive/summary.htm>.

Dill, D. D., & Beerkens, M. (2010). *Public policy for academic quality. [electronic resource]: analyses of innovative policy instruments*: Dordrecht; London: Springer, 2010.

Dobson, I. R. (2005). *Cultures Within: Academic staff, Governance and Administration*. Paper presented at the CHER 18th Annual Conference, Jyväskylä, Finland.

Dow, K., & Braithwaite, V. (2013). *Expert Panel's Review of Higher Education Regulation Report*. Retrieved from <https://ezp.lib.unimelb.edu.au/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=edsoai&AN=edsoai.857662415&site=eds-live&scope=site; http://apo.org.au/node/35123>

Dzisah, J., & Etzkowitz, H. (2012). *The age of knowledge. [electronic resource]: the dynamics of universities, knowledge & society*: Leiden; Boston: Brill, 2012.

Edith Cowan University Act 1984 (Western Australia). Retrieved from: https://www.legislation.wa.gov.au/legislation/...nsf/main_mrtitle_235_currencies.html

- Edwards M., & Clough, R. (2005). *Corporate Governance and Performance - An Exploration of the Connection in a Public Sector Context*. Retrieved from https://www.governanceinstitute.edu.au/magma/media/upload/publication/158_IssuesPaperNo-1_Governance-Performancelssues.docx
- Enders, J. (2016). The Rise and Fall of Systems Thinking. In J. G. Peter Scott, Gareth Parry (Ed.), *New Languages and Landscapes of Higher Education* (pp. 173): Oxford University Press.
- Ferlie, E., Musselin, C., & Andresani, G. (2008). The Steering of Higher Education Systems: A Public Management Perspective. *Higher Education* (3), 325. doi:10.1007/s10734-008-9125-5
- Flexner, A. (1930). *Universities, American, English, German*: Oxford University Press.
- French, S., Kelly, P., & James, R. (Eds.). (2017). *Visions for Australian Tertiary Education*. Melbourne, Australia: Melbourne Centre for the Study of Higher Education, The University of Melbourne.
- Frost, J., Hattke, F., & Reihlen, M. (2016). *Multi-level governance in universities: strategy, structure, control*: Switzerland: Springer, [2016].
- Gallagher, M. (2001). *Contemporary University Governance - a national perspective*. Paper presented at: The idea of a university: enterprise or academy? Canberra.
- Gallagher, M. (2015). *A memory of elephants on the modern campus*. Retrieved from <http://www.lhmartininstitute.edu.au/insights-blog/139-michael-gallagher>
- Gilbert, A. (2000). The Idea of a University beyond 2000. *POLICY Magazine*.
- Goedegebuure, L. (2017). MGMT 90169: *Institutional Governance in Tertiary Education [Course Notes]* (2017): University of Melbourne.
- Goedegebuure, L., & Barry, D. (2018). Good Governance and Higher Education. In A. A. a. A. Margalhaes (Ed.), **Encyclopedia of International Higher Education Systems and Institutions**: Springer.
- Goedegebuure, L., & Hayden, M. (2007). Overview: Governance in higher education - concepts and issues, 1.
- Graham, J., Amos, B., & Plumptre, T. (2003). *Principles for Good Governance in the 21st Century - Policy Brief No.15 August 2003*. Canada Retrieved from

<http://unpan1.un.org/intradoc/groups/public/documents/UNPAN/UNPAN011842.pdf>.

Great Britain. National Committee of Inquiry into Higher Education & Dearing, Ron (1997). *Higher education in the learning society*. The Committee, Norwich, England Retrieved from <https://ezp.lib.unimelb.edu.au/login?url=https://search.ebscohost.com/login.aspx?direct=true&db=edshlc&AN=edshlc.007745526-6&site=eds-live&scope=site>.

Greenwood, R., & Hinings, B. (2015). *Organization Theory* Oxford University Press. Retrieved from <http://www.oxfordbibliographies.com.ezp.lib.unimelb.edu.au/view/document/obo-9780199846740/obo-9780199846740-0024.xml#firstMatch>

Hannan, M. T., & Freeman, J. (1977). The Population Ecology of Organizations. *American Journal of Sociology*, 82, 929 - 964.

Harding, S. (2001). *The Future of Academic Work: Teaching and the University Resource Base –Recognising Value, Identifying and Managing Risk*. Paper presented at the AHEI Conference 2001

Harding, S., & Harrison, R. (2015). Changing Times, Changing Universities. *International Journal of Chinese Education*, 4(1), 5-27. doi:10.1163/22125868-12340042

Harley, S., Muller-Camen, M., & Collin, A. (2004). From academic communities to managed organisations: The implications for academic careers in UK and German universities. *Journal of Vocational Behavior*, 64(2), 329-345. doi:<http://dx.doi.org/10.1016/j.jvb.2002.09.003>

Harman, G. (2003). Australian Academics and Prospective Academics: Adjustment to a More Commercial Environment. *Higher Education Management & Policy*, 15(3), 105-122.

Harris, J., Tagg, J., & Howell, M. (2005). *Organise to Optimise: Organisational Change & Higher Education*. Retrieved from http://www.obhe.ac.uk.ezp.lib.unimelb.edu.au/documents/view_details?id=4

Hazelkorn, E. (2008). Learning to Live with League Tables and Ranking: The Experience of Institutional Leaders. *Higher Education Policy*, 21(2), 193-215.

- Heffen, O., Kickert, W. J. M., & Thomassen, J. J. A. (2000). *Governance in Modern Society: Effects, Change and Formation of Government Institutions*: Dordrecht: Springer Netherlands, 2000.
- Henkin, A., & Persson, D. (1992). Faculty as Gatekeepers: Non-Academic Staff Participation in University Governance. *Journal of Educational Administration.*, 30(2), 52, 13.
- Hoare, D. (1995). *Higher Education Management Review: report of the committee of inquiry*. Canberra: Aust Govt Pub Service.
- Holland, J. H. (2006). Studying Complex Adaptive Systems. *Journal of Systems Science and Complexity* (1), 1.
- Hood, C. (1991). A Public Management For All Seasons. *Public Administration*, 69, 3-19.
- Huisman, J. (2009). *International Perspectives on the Governance of Higher Education. [electronic resource]: Alternative Frameworks for Coordination*: Hoboken: Taylor & Francis, 2009.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure. *Journal of Financial Economics*, 3, 305 - 360.
- Katz, D., & Kahn, R. L. (1966). *The social psychology of organizations*: New York: Wiley, c1966.
- Katz, R. N., & Benkler, Y. (2008). *The tower and the cloud: higher education in the age of cloud computing* / Richard N. Katz, editor: [Boulder, Colo.]: EDUCAUSE, c2008.
- Kemp, R., Parto, S., & Gibson, R. B. (2005). Governance for Sustainable Development: Moving from Theory to Practice. *International Journal of Sustainable Development*, 8(1-2), 12-30.
doi:http://www.inderscience.com/ijdsd
- Kenney, M., & Zysman, J. (2016). The rise of the platform economy. *Issues in Science and Technology* (3), 61.
- Kerr, C. (1963). *The Uses of the University*. Cambridge, Mass: Harvard University Press.
- Kezar, A. (2007). *Governance and Decision-making in Colleges and Universities—Shared Governance, Governance Structure, External Influences, Trends in*

- Governance. Retrieved from <http://education.stateuniversity.com/pages/2014/Governance-Decision-making-in-Colleges-Universities.html>
- Kramer, N. J. T. A., & Smit, J. (1977). *Systems thinking*. [electronic resource]: *Concepts and notions*: Boston, MA: Springer US, 1977.
- Lacy, W. B., Croucher, G., Brett, A., & Muelle, R. (2017). *Australian Universities at a Crossroads: Insights from Their Leaders and Implications for the Future*. Retrieved from Melbourne, Australia: <http://melbourne-cshe.unimelb.edu.au/resources/tertiary-education-policy/policy-landscape/australian-universities-at-a-crossroads>
- Lang, D. W. (2017). Fiscal incentives, Clark's triangle, and the shape and shaping of higher education systems. *Policy Reviews in Higher Education*, 1(2), 112-138. doi:10.1080/23322969.2016.1246065
- Lapworth, S. (2004). Arresting Decline in Shared Governance: Towards a Flexible Model for Academic Participation. *Higher Education Quarterly*, 58(4), 299-314.
- Larkin, J., & Neumann, R. (2012). Ageing academics: Workforce priorities for universities. *International Journal of Employment Studies*, 20(1), 3-24.
- Lawrence, P. R., & Lorsch, J. W. (1967). Differentiation and Integration in Complex Organizations. *Administrative Science Quarterly* (1), 1. doi:10.2307/2391211
- Lewis, J. (2013). *Academic Governance: Disciplines and Policy*: Florence: Taylor and Francis, 2013.
- Lounsbury, M., & Zhao, E. Y. (2013). *Neo-institutional theory*: [New York]: Oxford University Press, [2013-].
- Lyotard, J. (1979). *La condition postmoderne: rapport sur le savoir*. Paris: Minuit.
- Marginson, S. (2008). *Global, multiple and engaged: Has the 'Idea of a University' changed in the era of the global knowledge economy?* Paper presented at the Fifth International Workshop on Higher Education Reforms, East China Normal University,
- Marginson, S. (2012). *Back to the future: do we need a universities commission?* Retrieved from The Conversation website: <http://theconversation.com/back-to-the-future-do-we-need-a-universities-commission-10983>

- Marginson, S. (2016). *The Dream is Over: The Crisis of Clark Kerr's California Idea of Higher Education*. Oakland: University of California Press.
- Marginson, S., & Considine, M. (2000). *The enterprise university: power, governance and reinvention in Australia*. Cambridge; Melbourne: Cambridge University Press, 2000.
- Marginson, S., & Rhoades, G. (2002). Beyond national states, markets, and systems of higher education: A glonacal agency heuristic. *Higher Education*, 43(3), 281-309.
- Massy, W. F. (2016). *Reengineering the university: how to be mission centered, market smart, and margin conscious*: Baltimore, Maryland: Johns Hopkins University Press, 2016.
- McGee, S., & Edson, R. (2014). *Challenges of Governance in Complex Adaptive Systems: A Case Study of U.S. Public Education*. *Procedia Computer Science*, 36, 131-139. doi: 10.1016/j.procs.2014.09.049
- Meek, V. L. (2000). *Uses of Higher Education Policy Research*. Retrieved from [http://www.une.edu.au/chemp/resources/cpubs/meeklecture.pdf]
- Meek, V. L., & Davies, D. (2009). *Policy Dynamics in Higher Education and Research: concepts and Observations*. Report on the UNESCO Forum on Higher Education, Research and Knowledge 2001-200.
- Meek, V. L., & Wood, F. Q. (1998). Higher Education Governance and Management: Australia. *Higher Education Policy*, 11(2-3), 165-181.
- Metcalf, A. S. (2010). Examining the Trilateral Networks of the Triple Helix: Intermediating Organizations and Academy-Industry-Government Relations. *Critical Sociology*, 36(4), 503-519. doi:10.1177/0896920510365920
- Meyer, J. W., & Scott, W. R. (1992). *Organizational environments: ritual and rationality*. Newbury Park, Calif.: Sage Publications, c1992. Updated ed.
- Middlehurst, R. (2013). Changing Internal Governance: Are Leadership Roles and Management Structures in United Kingdom Universities Fit for the Future? *Higher Education Quarterly*, 67(3), 275-294. doi:10.1111/hequ.12018
- Milward, H. B. (2016). The state and public administration: have instruments of governance outrun governments? Introductory perspectives II. *Asia Pacific Journal of Public Administration*, 38(1), 1-6.

- Minkoff, D. C. (2006). Nonprofit Mission: Constancy, Responsiveness, or Deflection? In Powell, W. W., & Steinberg, R. (Eds). *The Nonprofit Sector: A Research Handbook*. (2 ed., pp. 591-611). New Haven, CT: Yale University Press.
- Murdoch University Act*1973. (Western Australia). Retrieved from: https://www.legislation.wa.gov.au/legislation/...nsf/main_mrttitle_235_currencies.html
- Neave, G. (1998). Four pillars of wisdom. *UNESCO Courier*, 51(9), 21.
- Negroponte, N. (1996). *Being digital*: New York: Vintage Books 1996. 1 st ed.
- Newman, J. H. (1976). *John Henry Newman: The Idea of a University: Defined and Illustrated*. I. T Ker (Ed.) Oxford: Oxford University Press. Oxford Scholarly Editions Online (2017). Doi: 10.1093/actrade/9780198118961.book.1 Retrieved from
- Nolan, L. (1995). *Standards in Public Life*. United Kingdom Retrieved from <https://web.archive.org/web/20090617093701/http://www.archive.official-documents.co.uk/document/cm28/2850/285002.pdf>.
- Norton, A., & Cherastidtham, I. (2014). *Mapping Australian Higher Education, 2014-2015*. The Grattan Institute. Retrieved from <https://www.teqsa.gov.au/latest-news/publications/guidance-note-academic-governance>
- O'Neill, A., & Speechley, B. (2011). Looking Back into the Future. *Australian Universities' Review*, 53(1), 94-99.
- OECD. (2003). *Education Policy Analysis -- 2003 Edition*: (Complete Edition - ISBN 9264104550). Source OECD Education and Skills, 2003(12), 1.
- OECD. (2008). *Tertiary Education for the Knowledge Society*. [electronic resource]: Volume 1 and Volume 2: Paris: OECD Publishing, 2008.
- Office for Public Management. (2005). *Good Governance Standard for Public Services*. United Kingdom Retrieved from <https://www.jrf.org.uk/report/good-governance-standard-public-services>.
- Ostrom, E. (2009). Elinor Ostrom - Prize Lecture: *Beyond Markets and States: Polycentric Governance of Complex Economic Systems*. Retrieved from http://www.nobelprize.org/nobel_prizes/economic-sciences/laureates/2009/ostrom-lecture.html

- Patel, N. V. (2006). *Organization and Systems Design*. doi:10.1057/9780230625419
- Peters, M. (1996). Cybernetics, cyberspace, and the politics of university reform. *Australian Journal of Education (ACER Press)*, 162.
- Peters, M. (2002a). Universities, Globalisation and the Knowledge Economy. *Southern Review: Communication, Politics & Culture*, 35(2), 16.
- Peters, M. (2002b). The University in the knowledge economy. *Arena Journal* (17-18), 137.
- Pfeffer, J., & Salancik, G. (1978). *The External Control of Organizations: A Resource Dependence Perspective*. New York: Harper and Row.
- Pick, D. (2008). Towards a 'Post-Public Era'? Shifting Frames in German and Australian Higher Education Policy. *Higher Education Quarterly* (1-2), 3. doi:10.1111/j.1468-2273.2008. 00383.x
- Ostrower, F. & M. A. Stone (2006) *Governance: Research Trends, Gaps, and Future Prospects*. In Powell, W. W., & Steinberg, R. (Eds). *The Nonprofit Sector: A Research Handbook*. (2 ed., pp. 612 - 628). New Haven, CT: Yale University Press.
- Queensland University of Technology Act 1998 (Qld)*. Retrieved from <https://www.legislation.qld.gov.au/view/html/inforce/current/act-1998-004>
- Rashdall, H. (1936). *The universities of Europe in the Middle Ages* / by Hastings Rashdall; (F. M. P. a. A. B. Emden Ed.): Oxford [Oxfordshire]: Clarendon Press; New York: Oxford University Press, New ed.
- Readings, B. (1996). *The university in ruins*: Cambridge, Mass.: Harvard University Press, 1996.
- Reale, E., Primeri, E. (2015). Approaches to Policy and Governance in Higher Education. In J. Huisman, de Boer, H., Dill, D.D. and Souto-Otero, M (Ed.), *The Palgrave International Handbook of Higher Education Policy and Governance*. (pp. 20-37): Palgrave.
- Reed, M. I., Meek, V. L., & Jones, G. A. (2002). Governing higher education: national perspectives on institutional governance: Introduction. In A. Amaral, G. A. Jones, & B. Karseth (Eds.), *Higher education dynamics: 2*: Dordrecht; London: Springer-Science+Business Media, [2002].

- Rhodes, R. A. W. (1997). *Understanding governance: policy networks, governance, reflexivity and accountability*. Philadelphia, US, Open University Press.
- Riesman, D. (1958). *Constraint and variety in American education*. With a new pref. by the author: Garden City, N.Y., Doubleday, 1958.
- Ross, M. G. (1976). *The university: the anatomy of academe*. McGraw-Hill.
- Rowlands, J. (2012). Accountability, Quality Assurance and Performativity: The Changing Role of the Academic Board. *Quality in Higher Education*, 18(1), 97-110.
- Rowlands, J. (2016). *Academic Governance in the Contemporary University: Perspectives from Anglophone nations*: Singapore: Springer Singapore, 2016.
- Rüegg, W. (1992). *A history of the university in Europe*: Cambridge: Cambridge University Press, 1992-.
- Ryan, A. (2012). Newman's own. *New Statesman*, 141(5094), 43-45.
- Rytmeister, C. (2009). Governing university strategy: Perceptions and practice of governance and management roles. *Tertiary Education and Management*, 15(2).
- Sands, E. W., & Berends, W. (2012). Tertiary Education in Australia: Part I. *Christian Higher Education*, 11(5), 293-302.
- Scott, J. C. (2006). The Mission of the University: Medieval to Postmodern Transformations, *The Journal of Higher Education*, 1/1/2006, Vol. 77, Issue 1, p. 1-39
- Sharma, R. (2008). The Australian Perspective: Access, Equity, Quality, and Accountability in Higher Education. *New Directions for Institutional Research* (2), 43-53.
- Sharrock, G. (2007). *Leadership and Change in an Australian University*. (Doctor of Philosophy), RMIT University.
- Shattock, M. (2002). Re-Balancing Modern Concepts of University Governance. *Higher Education Quarterly*, 56(3), 235-244.
- Shattock, M. (2006). *Managing good governance in higher education* [electronic resource] / Michael Shattock: Berkshire, England: Open University, 2006.

- Shattock, M. (2013). University Governance, Leadership and Management in a Decade of Diversification and Uncertainty. *Higher Education Quarterly*, 67(3), 217-233. doi:10.1111/hequ.12017
- Shattock, M. (2014). International Trends in University Governance: Autonomy, self-government and the distribution of authority. Retrieved from <http://UNIMELB.eblib.com.au/patron/FullRecord.aspx?p=1707428>
- Sheehy, B. (2010). Regulation by Markets and the Bradley Review of Australian Higher Education. *Australian Universities' Review*, 52(1), 60-68.
- Slaughter, S., & Leslie, L. L. (1997). *Academic capitalism: politics, policies, and the entrepreneurial university*: Baltimore: Johns Hopkins University Press, 1997.
- Smith, D. C., & Langslow, A. K. (1999). *The idea of a university*: London; Philadelphia: J. Kingsley Publishers, 1999.
- Snowdon, K. (2015). *Canada's Universities: Cost Pressures, Business Models and Financial Sustainability*. Retrieved from Canada: <https://www.caubo.ca/knowledge-centre/surveysreports/canadas-universities-cost-pressures-business-models-financial-sustainability/>
- Speck, B. W. (2011). The Myth of Shared Governance in Higher Education. *International Journal of Organization Theory & Behavior* (PrAcademics Press), 14(2), 200-235.
- Sporn, B. (1999) Adaptive University Structures. *Higher Education Policy Series* 54: Jessica Kinglsey, UK.
- Stensaker, B., & Vabo, A. (2013). Re-Inventing Shared Governance: Implications for Organisational Culture and Institutional Leadership. *Higher Education Quarterly*, 67(3), 256-274.
- Stevenson, M. (2004). University Governance and Autonomy Problems in Managing Access, Quality and Accountability. Paper presented at the *ADB Conference on University Governance*, Denpasar, Indonesia. <https://www.sfu.ca/pres/president/speeches/20045.html>
- Stoker, G. (1998). Governance as theory: five propositions. *International Social Science Journal* (1), 17.
- Stuart, D. (2014). Shaking the tree of knowledge. *Company Director*, 30, 30-33.

- Szekeres, J. (2004). The Invisible Workers. *Journal of Higher Education Policy and Management*, 26(1), 7-22.
- Szekeres, J. (2006). General Staff Experiences in the Corporate University. *Journal of Higher Education Policy and Management*., 28(1).
- Taschdjian, E. (1972). A Systems Approach to Higher Education with Special Reference to the Core Curriculum. *Policy Sciences*, 3(2), 219-233.
- Taylor, M. (2013). Shared Governance in the Modern University. *Higher Education Quarterly*, 67(1), 80-94.
- Temple, P. (2012). *Universities in the knowledge economy: higher education organisation and global change*: London: Routledge, c2012.
- TEQSA Guidance Note – *Academic Governance*. Retrieved from <https://www.teqsa.gov.au/latest-news/publications/guidance-note-academic-governance>
- The University of Melbourne. (2014). *Growing Esteem Strategy 2015-2020*. Retrieved from https://about.unimelb.edu.au/__data/assets/pdf_file/0021/11694/Growing-Esteem-2015-2020.pdf
- The University of Sydney. (2010). *The University of Sydney 2011–2015: Green Paper*. Retrieved from [sydney.edu.au/strategy/green paper/green-paper-whole](http://sydney.edu.au/strategy/green%20paper/green-paper-whole)
- The University of Sydney. (2016). *University of Sydney Strategic Plan 2016-2020*. Retrieved from <http://sydney.edu.au/dam/intranet/documents/strategy-and-planning/strategic-plan-2016-20.pdf>
- Thomas, K. (2010). What are universities for? From medieval seminary to the consultancy campus, universities have served the needs of society - but those needs go beyond economic success or technological advance. TLS, *Times Literary Supplement* (5588), 13.
- Thynne, I. (2016). Alignments of instruments and action in governance: a synthesis – revisited and extended. *Asia Pacific Journal of Public Administration*, 38(1), 60-73. doi:10.1080/23276665.2016.1159393
- Todose, D. (2008). Education Management in Knowledge Based Society. *Contemporary Economics*, 2(3), 109-117. doi: <http://www.ce.vizja.pl/en/issues>

- Toma, J. D. (2010). *Building organizational capacity: strategic management in higher education*. Baltimore, Md.: Johns Hopkins University Press, c2010.
- Trakman, L. (2008). Modelling University Governance. *Higher Education Quarterly*, 62(1/2), 63-83. doi:10.1111/j.1468-2273.2008. 00384.x
- Trow, M. (1972). *The Expansion and Transformation of Higher Education*. General Learning Press. Morristown, New Jersey
- Trow, M. A. (2005). *Reflections on the Transition from Elite to Mass to Universal Access: Forms and Phases of Higher Education in Modern Societies since WW11*. Berkeley: Institute of Government Studies
- Trow, M. A., & Burrage, M. (2010). *Twentieth-century higher education: elite to mass to universal*. Baltimore, Md.: Johns Hopkins University Press, 2010.
- Turlea, E., Mocanu, M., & Radu, C. (2010). Corporate governance in the banking industry. *Accounting and Management Information Systems*, 9(3), 379–402.
- United Nations Development Programme. (1997). *Governance for Sustainable Human Development: A UNDP Policy Document*. United Nations Development Programme.
- Universities Governing Bodies Act 2011* (NSW) Retrieved from <https://www.legislation.nsw.gov.au/~view/act/2011/51/sch1>
- University Legislation Amendment Act 2017* (Qld). Retrieved from <https://www.legislation.qld.gov.au/view/html/asmade/act-2017-036>
- University of Adelaide Act 1971* (SA). Retrieved from <https://www.legislation.sa.gov.au/LZ/C/A/UNIVERSITY%20OF%20ADELAIDE%20ACT%201971.aspx>
- University of Melbourne Act 2009* (Vic). Retrieved from [http://www.legislation.vic.gov.au/domino/web_notes/ldms/pubstatbook.nsf/edfb620cf7503d1aca256da4001b08af/489fcd5278f3602ca25767f00102b11/\\$file/09-078a.pdf](http://www.legislation.vic.gov.au/domino/web_notes/ldms/pubstatbook.nsf/edfb620cf7503d1aca256da4001b08af/489fcd5278f3602ca25767f00102b11/$file/09-078a.pdf)
- University of South Australia Act 1990* (SA). Retrieved from <https://legislation.sa.gov.au/LZ/C/A/UNIVERSITY%20OF%20SOUTH%20AUSTRALIA%20ACT%201990.aspx>
- University of Tasmania Act 1992* (Tas). Retrieved from <https://www.legislation.tas.gov.au/view/html/inforce/current/act-1992-051>

University of Western Australia Act 1911 (Western Australia). Retrieved from:

https://www.legislation.wa.gov.au/legislation/...nsf/main_mrttitle_235_currencies.html

Vilkinas, T., & Peters, M. (2014). Academic Governance Provided by Academic Boards within the Australian Higher Education Sector. *Journal of Higher Education Policy and Management*, 36(1), 15-28. doi: <http://www.tandfonline.com/loi/cjhe20>

Watty, K. (2006). Addressing the Basics: Academics' View of the Purpose of Higher Education. *Australian Educational Researcher*, 33(1), 23-39.

Weick, K. (1976)). Educational Organizations as Loosely Coupled Systems. *Administrative Science Quarterly*, 21(1), 1-19.

Weir, C., Laing, D., & McKnight, P. J. (2002). Internal and External Governance Mechanisms: Their Impact on the Performance of Large UK Public Companies. *Journal of Business Finance & Accounting*, 29(5/6), 579.

West, R. (1998). *Learning for life: final report: review of higher education financing and policy*: Canberra: Dept. of Employment, Education, Training and Youth Affairs, c1998.

Whitchurch, C. (2008). Shifting Identities and Blurring Boundaries: The Emergence of Third Space Professionals in UK Higher Education. *Higher Education Quarterly*, 62(4), 377 (320).

Wiener, N. (1961). *Cybernetics: or control and communication in the animal and the machine*: Cambridge, Mass.: M.I.T. Press, c1961. 2nd ed.

Winter, R. (2009). Academic manager or Managed academic? Academic identity schisms in higher education. *Journal of Higher Education Policy and Management.*, 31(2), 121-131.

Winter, R., & Sarros, J. (2002). Corporate Reforms to Australian Universities: Views from the Academic Heartland. *Journal of Institutional Research*, 11, 92-104.

Yelland, R. (2012). Globalization's Muse: Universities and Higher Education Systems in a Changing World. *The Review of Higher Education*, 35(4), 671-672.

Appendix A: Interview Questions

Governance of Australia's tertiary education system

1. What are the long-term pressure points and challenges confronting the Australian tertiary education sector?
2. Is the current design of the tertiary system suited for the knowledge society?
3. Are the current governance arrangements, tools and policies providing the best environment to address the pressure points and challenges?
4. What are the barriers (if any), and opportunities to a more effective governance of tertiary education in Australia?
5. Should the current Commonwealth/State agreements for the governance of universities be revisited?

University (Institutional) governance

1. Is the current approach to institutional governance and academic governance still fit for purpose? If not, what changes are needed?
2. What are the barriers to more efficient and effective governance of universities?
3. The funding model, the industrial relations environment and current conceptions of the academic role and academic work are seen as problems for the business model of Australian universities and their governance. Do you agree? Any suggestions as to how to address those issues?

APPENDIX B: UNIVERSITY ACTS AND WEB SITES REFERENCED

PUBLIC UNIVERSITIES	ENABLING ACT	website
Australian Catholic University		Acu.edu.au
Australian National University	Australian National University Act 1991	Anu.edu.au
Central Queensland University	Central Queensland University Act 1998	Cqu.edu.au
Charles Darwin University	Charles Darwin University Act 2003.	Cdu.edu.au
Charles Sturt University	Charles Sturt University Act 1989	Csu.edu.au
Curtin University	Curtin University Act 1966 (WA)	Curtin.edu.au
Deakin University	Deakin University Act 2009	Deakin.edu.au
Edith Cowan University	Edith Cowan University 1984	Ecu.edu.au
Federation University Australia	Federation University Australia Act 2010	http://federation.edu.au/
Flinders University	Flinders University of South Australia Act 1966	Flinders.edu.au
Griffith University	Griffith University Act 1998	Griffith.edu.au
James Cook University	James Cook University 1997	Jcu.edu.au
La Trobe University	<i>La Trobe University Act 2009</i>	Latrobe.edu.au
Macquarie University	Macquarie University Act 1989	Mq.edu.au
Monash University	Monash University Act 2009	Monash.edu
Murdoch University	Murdoch University 1973	Murdoch.edu.au
Queensland University of Technology	Queensland University of Technology Act 1998	Qut.edu.au
Royal Melbourne Institute of Technology	Royal Melbourne Institute of Technology Act 2010	Rmit.edu.au
Southern Cross University		

Swinburne University of Technology	Swinburne University of Technology Act 2010	Swin.edu.au
The University of Canberra	University of Canberra 1989 (Australian Capital territory legislation)	http://www.canberra.edu.au/
The University of Divinity	University of Divinity Act 1910	Divinity.edu.au
The University of Newcastle	University of Newcastle 1989	Newcastle.edu.au
The University of Western Australia	University of Western Australia Act 1911	Uwa.edu.au
University of Adelaide	University of Adelaide 1971	Adelaide.edu.au
University of Melbourne	University of Melbourne Act 2009	Unimelb.edu.au
University of New England	University of New England 1993	Une.edu.au
University of New South Wales	University of New South Wales Act 1989	Unsw.edu.au
University of Queensland	University of Queensland Act 1998	Uq.edu.au
University of South Australia	University of South Australia Act 1990	Unisa.edu.au
University of Southern Queensland	University of Southern Queensland Act 1998	Usq.edu.au
University of Sydney	University of Sydney Act 1989	Sydney.edu.au
University of Tasmania	University of Tasmania 1992	Utas.edu.au
University of Technology Sydney	University of Technology Sydney Act 1989	Uts.edu.au
University of the Sunshine Coast	University of the Sunshine Coast Act 1998	Usc.edu.au
University of Wollongong	University of Wollongong Act 1989	Uow.edu.au
Victoria University	Victoria University Act 2010	Vu.edu.au
Western Sydney University	Western Sydney University Act 1997	Uws.edu.au
PRIVATE UNIVERSITIES	Not accessed	

Bond UniversityGold Coast		
Carnegie Mellon University - Australia		
The University of Notre Dame Australia		
Torrens University Australia		

APPENDIX C CHRONOLOGY OF AUSTRALIAN UNIVERSITIES.

1850 University of Sydney [SYDNEY]
1853 University of Melbourne [MELBOURNE]
1874 University of Adelaide [ADELAIDE]
1890 University of Tasmania [TASMANIA]
1909 University of Queensland [QUEENSLAND]
1911 University of Western Australia [UWA]
POST WORLD WAR 2
1946 Australian National University [ANU]
1949 University of New South Wales [UNSW]
1954 University of New England [UNE] (1938)
1958 Monash University [MONASH]
1964 Macquarie University [MACQUARIE]
1965 La Trobe University [LATROBE]
1965 University of Newcastle [NEWCASTLE]
1966 Flinders University [FLINDERS]
1970 James Cook University [JCU]
1971 Griffith University [GRIFFITH]
1973 Murdoch University [MURDOCH]
1974 Deakin University [Deakin]
1975 University of Wollongong [UOW] (1951)
1977 Australian Graduate School of Management [AGSM]
1986 Australian Defence Force Academy [ADFA]
1987 Curtin University of Technology [CURTIN] (1967)

1988: Northern Territory University [NTU] (1974); Queensland University of Technology [QUT] (1882); University of Technology Sydney [UTS] (1965)
1989: Bond University [Bond]; University of Western Sydney [UWS]
1990: Charles Sturt University [CSU]; University of Canberra [CANBERRA] (1967); University of Notre Dame (UND)
1991: Australian Catholic University [ACU] (1850); Edith Cowen University [ECU] (1902); University of South Australia [UniSA]
1992: Central Queensland University [CQU] (1967); RMIT University [RMIT] (1887); Swinburne University of Technology [SWINBURNE] (1908); University of Southern Queensland [USQ] (1967); Victoria University [VU]
1994: Southern Cross University [SCU] (1970); University of Ballarat [BALLARAT] (1871) – (merged 2014)
1999: University of the Sunshine Coast [USC] (1995)
2012: University of Divinity (1910)
2014: Torrens University (private); Federation University (merger of University of Ballarat and the Monash Gippsland campus)