



Universities: Conditions for Changing Organizational Culture

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Why change?

HEIs are now part of a different national and international educational, economic and social environment

- Demand driven massification of HE systems
- Broad and growing range of educational suppliers
- Commercialization of HE
- Changing role of governments
- Development and use of ICT
- Globalization and internationalization
- Advance of the knowledge (driven) economy or society
- Socio-cultural and demographic trends

Illustrative case study

	A	Au	Dk	Fi	Fla	Fr	Ge	NI	P	Sw	Uk	Total
Main issues												
Educationa infrastructure												
Bachelor / master	X		X	X	X	X	X	X		X		8
Internationalisation	X	X	X	X			X	X		X		7
Expand/widen participation	X		X		X	X	X				X	6
Staff policies (attractiveness)	X		X	X		X	X	X			X	7
Research infrastructure												
Relevance (priorities)		X	X			X		X			X	5
Extra reseracrch investments			X			X				X	X	4
Finance												
Tuition fees	X	X					X	X	X		X	6
Funding mechanism	X		X	X				X	X			5
Student support systems				X	X	X		X			X	5
Ownehsip of buildings			X			X	X					3
Governance												
Performance contract/accountability	X		X	X			X		X			5
Autonomy / self governance	X		X	X		X			X			5
Quality												
Quality assurance			X						X	X		3
Accreditation	X							X		X		3
Institutional audits		X									X	2
Total	9	4	11	7	3	8	7	8	5	5	7	74

Source: CHEPS – Higher education monitor, *An update on higher education policy issues in 11 Western countries, 2003*

Meetings have reported on

Systems

- ✓ Legislative framework
- ✓ Funding framework
 - Students
 - Institutions
 - Research

Institutions

- ✓ Autonomy
- ✓ Quality
- ✓ Access
- ✓ Accountability
- ✓ Other funds

Bridge issues

- ✓ Stakeholders
- ✓ Information
- ✓ Research needs
- ✓ Quality and standards

Changing organizational culture

- In and around HE, various groups press broad values upon the system
 - students,
 - faculty,
 - university managers and boards,
 - governments,
 - businesses,
 - political parties,
 - union leaders,
 - church officials,
 - the media,
 - international organizations.

Adhering to values; four principles

- Fairness (non-exclusion, equal treatment, level playing field)
- Equal access to opportunities (open access, funding)
- Accountability (public reporting and information for choices), and
- Wealth and knowledge creation (advanced human capital & relevant knowledge)

Autonomy

- Essential prerequisite for an entrepreneurial university
- The degree of autonomy differs by country and tradition

- **How important is autonomy to the running of the university?**
- **Do you see greater autonomy as providing greater opportunities?**
- **Which aspects of autonomy and governance should be encouraged today?**

Resources

- Direct driving force for change
- Public resources likely to decline
- Need to find alternative funding
 - full or partial tuition fees for local students; full tuition for foreign students;
 - short courses; contracted training; distance education;
 - conference management; sale of goods and services;
 - consultancies; on-campus advertising;
 - corporate sponsorships;
 - research; technology transfer;
 - business incubation;
 - investment of reserves;
 - facilities rental;
 - gifts and endowments.

Resources (2)

- How secure are your institutions financial sources?
- Does your HEI have a resource strategy?
- Does the current funding formula help or hinder entrepreneurship?

Competition

- University entrepreneurialism entails some degree of competition
- Think of Porter's competitive forces (text)
 - ease of exit and entry;
 - bargaining power of customers;
 - bargaining power of suppliers;
 - threat of substitution of services or products;
 - rivalry among competitors.

- **Should governments allow easy entrance and exit by HEIs?**
- **What are the best incentives for competition?**
- **Does competition involve more risks or more benefits for the system as a whole?**

Information

- HE systems and markets particularly affected by information asymmetries.
- The invisible hand works most imperfectly
- Necessity of a legal and policy framework with guidelines for HEIs reporting obligations.

- Does the university or HEI provide satisfactory cost information to clients?
- Does the HEI know what happens to its graduates?
Are the results published?
- Should self and independent assessments be published?

Quality assurance

- Provides a further incentive for university entrepreneurialism
- Promotes a culture of self-evaluation, high performance and accountability

- Is quality a factor in government's funding allocations
- How is quality guaranteed in your university or HEI?

Five pathways to becoming an entrepreneurial university

- Clark provides the most helpful and influential current discussion on the topic

1. Diversified university income
2. Strengthened steering capacity
3. Extended development periphery
4. Stimulated academic heartland
5. Embracing an entrepreneurial culture

Clark's three reinforcing dynamics

- of reinforcing interaction between change factors
- of “perpetual momentum”: incremental, cumulative, change becomes a steady state of ongoing transformation
- of interlocking, ambitious, change -oriented, collective decisions

“Encourage all sectors of the university to look outwards at possible opportunities, establish profit sharing arrangements that stimulate each sector to maximize their sharing turnovers/ bottom-lines, put in place managerial mechanisms which do not confound the academic virtues with the financial virtues [...] and put in place mechanisms that can take risks”.

Sir Brian Follett, University of Warwick's Vice-Chancellor (1992-2000)

The question is: how to begin?

- At the **system** level:
 - get the framework and incentives right
 - New decision-making structures
 - Resource competition
 - Innovative budgeting procedures
- At the **institutional** level:
 - Stakeholder consultation
 - Professional staff development
 - Strengthened university strategic capacity & leadership
 - Outward orientated governing boards
 - Internal accountability and quality control measures

Management challenges

- Are we content with the current size of the institution and the balance of activities and funding sources?
- Do we have a clear view of our strategic positioning and changing factors in our environment; opportunities or threats?
- How secure are our main sources of income? Are we too dependent on one or two key sources of funding?
- Have we identified our areas of strength and do our plans enable us to develop and exploit these?

Management Challenges (2)

- Is our income base adequate for the strategy and sustainable in our operating environment?
- Are we exploiting opportunities for collaboration and strategic change which could further strengthen our position?
- Do leading academics and staff own the financial and business strategy and objectives? Are our strategies properly integrated?