



**MASSEY UNIVERSITY
NEW ZEALAND**

Creating Value

The Mission and Management of Universities in the 21st Century

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Abstract

The mission and management of universities is the focus of much debate. Do they exist to produce inquiring minds and seek the truth or is their purpose to produce job-ready graduates and undertake research of use to business? The answer is that the modern university can and should do both – as well as many other things. And instead of seeing these roles as in conflict, universities need a convincing narrative that combines their new and old roles. This needs to be done soon, or someone else will do it.

What's my line?

During my career I have been involved with universities in four ways: as a student, an academic, a politician responsible for tertiary education and as a Vice-Chancellor.

Having seen universities from so many angles I like to think I have a fair understanding of them.

But I sometimes wonder what would happen if I was invited onto a television show that I remember from my youth called What's my line? The show consisted of minor celebrities asking questions of guests as they tried to find out what kind of work they did. I wonder, given the diversity of my role, if they would ever work out I was a Vice-Chancellor of a university.

Certainly, I have found in the short time that I have been at Massey University a good deal of my time has been spent defining what Vice-Chancellors and modern universities do.

I am not alone in this. Two weeks ago, I listened to a speech given by an Australian Vice-Chancellor who noted that he frequently

encouraged his senior staff to ask themselves why universities existed in the 21st century.

Prof Eric Thomas, the Vice-Chancellor of Bristol University, in his address to support staff this year, focused on the challenges facing universities, how they might respond and thought it useful to explain his own contribution.

These concerns are echoed in the now extensive international literature pondering everything from the collapse of the academic project to the university as a business - and they are what I want to talk about today.

My aim is not to privilege one view of the modern university above another but to make use of them all. There are many people who want to resolve the debate around universities by identifying one simple role. This will not work. The modern university is a complex entity full of conflicts. This is our reality and we have to make sense of it.

The Only Constant is Change

It is a cliché, but the only constant is change.

- We live in a world of mass education, globalisation, and the demand for universities to make a contribution to economic growth.
- New communications technologies are underpinning a revolution in learning.
- For-profit activities are growing rapidly.
- Universities are being asked to do more with less because governments want value for money.

For some in universities all of this change is to be ignored, even scorned.

I recall when former Auckland Vice-Chancellor, John Hood, moved to Oxford and began “modernising” he was met by the comment that “we have survived the middle ages, the Black Plague, two World Wars and Margaret Thatcher – we will survive you” or words to that effect.

This attitude is akin to thinking that it will work to jump into a hole and let the tanks roll over, coming up when they have gone, only to find that they are still there.

The reality is that the changes washing over universities will not go away. They cannot be waited out. They need to be responded to.

Universities are not what they were

Of course universities have always changed in response to their environment.

During the late 70s and 80s I taught business studies and sociology. If I may be allowed a small amount of romanticism, it was a wonderful experience. It was a time of enormous expansion in universities so we worked long hours. But we enjoyed freedom to decide what we would teach and research motivated almost entirely by our desire to understand the world around us.

This is the image of a university that many staff want to have. It is a kind of idealised image of Oxbridge.

There is no reason not to include this view of a university in our thinking but in the last century we have also seen ourselves as:

- Developing new disciplines that can train professionals;
- Growing dramatically in order to provide education for the new knowledge occupations;
- Becoming the multiversity;
- Becoming corporate universities
- Adopting market values, a global focus and driving economic growth.
- Making money.

All of these roles are now present in universities to varying degrees.

Truth and Money

As the 20th century unfurled and changes in the university took shape, these overlapped roles created a confused and confusing environment.

At the heart of this confusion was the contest between public and private good.

Traditionally, the importance of universities was underpinned by the public good (something that people have as of right) or merit good (something provided to all people because it is of benefit to everyone if they access it) they delivered.

In the context of a market economy, however, arguments have been advanced in favour of treating education and research like other tradeable commodities. They should be produced if there is a willing buyer.

This debate has not been helped by the extreme positions some have adopted. The Independent newspaper in England recently carried an article by one of its senior opinion writers criticising an academic for

arguing that ordinary people could not understand his work so he should not have to explain it. Actually there are a lot of ordinary people quite able to understand academic work so an attempt at explanation should be made.

But neither is the argument helped by an insistence that universities are just businesses and they should sell their wares like any retailer. The fact is that universities do many things that are vitally important to their societies, like fundamental research, but not attractive to the market.

None of this is very useful because it does not fit with reality. In reality universities do pursue knowledge for its own sake and they do seek to make a profit on some of their activities – as well as doing many other things.

Michael Moore

As I mentioned earlier, I have spent some time in parliamentary politics – eighteen years in all.

During the 1990s I was a member of Her Majesty's Loyal Opposition, thinking about the mission of modern universities.

A concept I found useful was “public value” – from the work of Michael Moore.

Moore's work focused on the management of public sector organisations. While he does not say much about universities, the concept of public value is easily applied to our activities.

I do not have the space to explore all that Moore has to say so let me go to the heart of what he means by public value. Essentially it is the question of exactly who gets to say what is of value.

When I was teaching in the 70s and 80s universities made their own judgements, decided what was of value and did not worry much about what others thought.

Moore's model changes all of that.

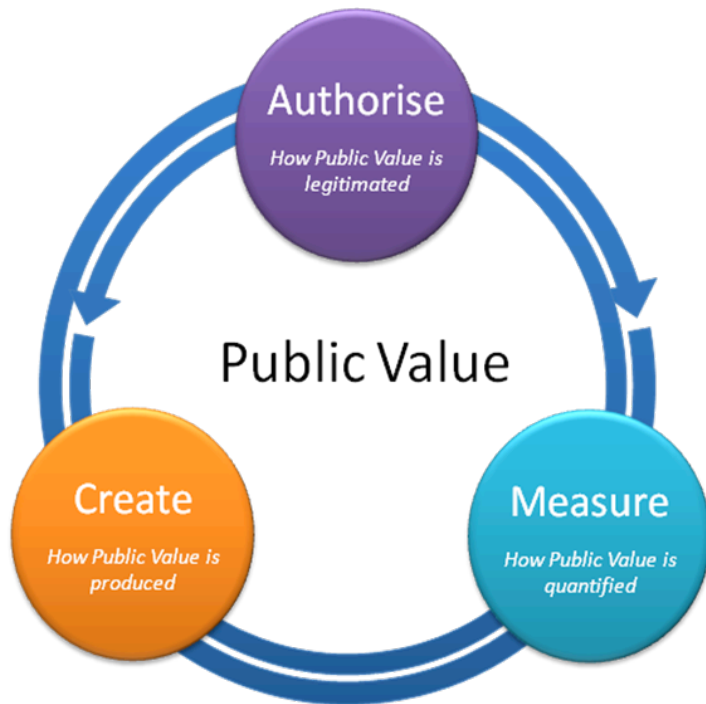
Creating Public value

A simple way of understanding public value is to compare it with shareholder value in the private sector. Public managers should consider how they can run their services to maximise the value of what they do to the public in the short and long term.

They can do this by being more efficient, introducing new programmes in response to identified need, recasting what they have traditionally done so as to be more effective and reducing claims on government funding.

A concern with public value drives managers to ask themselves "what is expected of me, what do I have to do to meet these expectations and how will success be measured".

David Coates (2006) has put this into a useful model that I have adapted for our discussion today.



Authorisation refers those who support the activities of the university. The government and its agents are obviously critical here but so too are the many other people and organisations that a university can identify as partners, stakeholders or communities of interest.

Authorisation does not imply that universities should do they are asked. People turn to universities because they want to find out something they do not already know, so it is important for the process of authorisation to be seen as a dialogue.

Much of that dialogue will focus on what is considered to be value. Different views will be held by those in a relationship with the university and all of these views need to be taken into account. The activities of the university should be able to demonstrate something of importance to the both parties.

Understanding if something of value has been created requires measurement through feedback and a willingness to change

behaviour where this is needed. What is sort from a university from the external environment will change over time so this alone will require a commitment to constant improvement/change.

Making it Real

In 1999, when I moved from Opposition to Government, I had the chance to put thinking into action.

I established a Tertiary Education Advisory Commission (TEAC) charged with developing a shared vision of tertiary education in the 21st century.

Seeking reform was hardly new. Particularly since the 1980s when a programme called Learning for Life was introduced, reform had been constant in New Zealand. Similar processes have been going on in other nations.

The TEAC process was different, however, because it was trying to construct a system that would lead to universities working within a different environment and this would guarantee changes in their behaviour.

The most significant of the TEAC recommendations was the setting up of an intermediate body called the Tertiary Education Commission (TEC). The TEC was intended to be a light-handed strategic body that would ensure the Government knew what it was getting for its investment while the universities maintained their autonomy.

The TEC produced a long term Tertiary Education Strategy (TES) and a short term Statement of Tertiary Education Priorities (STEP).

Universities were expected to take these plans into consideration when they developed their Investment Plans (originally known as

Charters and Profiles). The Investment Plans were intended to be the result of engagement and dialogue with partners, stakeholders and communities of interest. They were to be submitted to the TEC whose staff would reassure themselves that together the plans provided the kind of provision that met the needs of the country. Where they identified gaps or duplication they would intervene to correct the situation.

The concept of “management by exception” was used to describe how this intervention would always be around the margins because the model was supposed to work as a system guiding the behaviour of universities.

If you have been following all of this you will see how it fits Moore’s model of public value. The questions of authorisation, value and measurement are all built into the reform process.

Making it Work

In 2008, I left politics to join Massey as its Vice-Chancellor.

The University has a history of engagement but not of the kind suggested by Moore’s approach to public value or the Investment Plan process.

Both public value and the new tertiary environment demand first of all an understanding of authorisation. Institutions accustomed to receiving funding and then deciding how it will be spent need to understand that they must pay more attention to the political environment.

In addition they need to engage also with partners, stakeholders and communities of interest. I should stress that engagement means

more than an association. It means mutually beneficial relationships often expressed in formal agreements but always involving a sense of shared ownership over an education programme or research project. It is this kind of engagement that allows a university to know it has the support (authorisation) of a range of external groups.

To enable engagement of this kind with the authorising environment, universities must have a clear sense of their own strategic goals. They must know what their mission is, where the support will come from for that mission and how to organise the institution so it can meet its declared objectives. This means producing a strategic plan that is understood and implemented throughout the university – not left at the bottom of the draw.

Of course being authorised and having strategies only matters if universities get results. They have to create value. At Massey we are doing this by:

- reorganising our academic programme to better reflect the strengths of the University and the communities we serve;
- introducing a new management structure that is more efficient;
- introducing new forms of accountability that encourage staff to lift performance;
- seeking new resources to enable a higher level of performance;
- introducing new areas of work that respond to new needs;
- undertaking a wider range of for-profit activities like commercialisation, professional development courses and even on-line shopping;
- internationalising;
- changing existing programmes to meet needs; and
- establishing partnerships in key areas.

Finally, it is vital to get feedback and to change what is done to meet expectations. At Massey we are establishing new ways of gathering information from the people with whom we work. In some cases this involves better survey techniques in others greater dialogue, in others formal protocols that define a relationship.

As can be seen, public value means walking a very fine line between meeting the expectations of the external environment and maintaining the autonomy of the university. This is a very difficult balance to strike in the new era and requires considerable skills.

It is the challenges of the new environment that make leadership throughout the organisation so important.

And it means a change in mindset. Universities are used to autonomy. Staff, in many cases, do not regard themselves as members of the institution – they are members of their discipline and academic unit first. Seeking authorisation, engaging, having a clear strategy, seeking feedback and being prepared to change are not skills that lie deep in such independent organisations. But they must.

If universities can demonstrate the shift of approach that is required trust can build and relationships form with those who authorise their actions. If not other approaches are likely to emerge.

There are Alternatives

Alternatives will be sought because of the imperative for universities to drive growth. They are as a friend once put it, “too important to be left alone”. This is why we are seeing accountability regimes being put in place in most countries. Governments want to know that their

universities are undertaking activities that will make a contribution to the wider society.

There are a number of ways this is being sort.

Marketisation. For some Governments the discipline of the marketplace is thought to provide the right environment. In New Zealand this meant competition for students (market share) and the most competitive research funding model in the world.

Unfortunately, while this approach has some positive outcomes, it saw universities focusing on the recruitment of as many students as possible to increase income. The most sought after student was a new member of a first year class where the marginal costs on enrolment were low.

A Purchase model. This model is emerging in New Zealand. It involves a central agency, the Tertiary Education Commission, purchasing outcomes from universities measured by Key Performance Indicators. While, once again, positive results will emerge, this approach risks narrowing the focus of universities to meet KPIs while raising transaction costs and destroying trust.

Government control. This has never been used in New Zealand but it would involve universities operating as government department as found in Singapore. This approach ensures focus, but risks stifling innovation and creativity.

And it is innovation and creativity that we want.

A New Narrative

It is time to draw to a close.

I have argued that universities must respond to their changing environment. Indeed, they have always been changing but we have reached a point where the various responses by universities to change are overlapping and causing strain.

This confusion cannot be resolved by asserting that universities are "not for profit" or that they must focus on economic growth. No single goal can summarise the activities of a modern progressive university. We need a narrative explaining that universities do all of these things and more.

Universities should supply this narrative.

The concept of public value is useful because, if applied, it means that universities develop a continuous dialogue with the communities they serve (crucially government) and this will create the tension needed to drive continuous improvement. This dialogue helps ensure that the objectives of the university are genuinely valued by the public. Further these relationships provide a framework for assessing the quality of the engagement.

The point of all of this is to get the creative and innovative universities we need in the 21st century.

Alternative approaches to getting universities to do what societies now want of them carry the risk of stifling self-initiating, self-steering, self-regulating, self-reliant and progressive behaviour (Clark, 1998).

Universities should be pursuing new opportunities, new forms of knowledge, new types of students, new connections with the economy, new problem-solving skills. They need to combine the old with the new and update old fields of study to meet new needs. They should look for new ways to generate collegiality and autonomy.

This kind of university will lift educational and research achievement of the kind that will not only transform the institution but also the societies they serve.

This is our mission. We need to manage it.

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