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Australia's Universities

As a species, universities are one of the oldest recognisable forms of organisation in the Western Hemisphere. Their foundation principles were established by the ancient Greeks. Since then they have withstood wars, revolutions, political purges, economic depressions, technology innovations and industrial transformations. In Australia they have also withstood numerous government enquiries and policy shifts.¹ The survival and importance of universities speak to the immutability of their purpose and their ability to adapt.

In their book *The Enterprise University* Simon Marginson and Mark Considine use history and location to segment Australia's public universities into five groups:²

- Sandstone universities, named as such because of some of their prominent buildings. The Universities of Adelaide, Melbourne and Sydney are good examples. These were also the foundation universities in each state.
- Redbrick universities, founded after World War II. They include the Australian National University, the University of New South Wales

and Monash University. These universities had some prominent (and ugly) red brick buildings.

- Gumtree universities, founded between 1960 and 1975, like the University of Newcastle and Griffith University, many of which are set in (gumtree) bushland settings.
- Unitechs which are the largest of the old colleges of advanced education like Queensland University of Technology and the University of Technology Sydney.
- New universities which are a mixed group of post-1986 universities like Southern Cross University and Edith Cowan University.

Marginson and Considine note that once a university becomes part of a group, it is hard for it to leave. These institutional identities are sticky. They also note that the older Sandstone universities have developed an identity as the establishment universities that they protect as a special place in the higher-education system.³ However, while the universities look different from the outside, they argue that these institutions are all quite similar in their size (mid-size), course offerings (many and varied), values (excellence) and aspirations (growth).

1.1 The Grand Bargain

Australian public universities are largely funded by the state and have been allowed to be self-governed. The state has entered into a Grand Bargain with its universities as described in part by the Australian Government Productivity Commission:

A well-functioning higher education system should provide students with opportunities and empower them to make the choice of whether or not to study. It should match students with suitable study opportunities and meet the needs of the labour market. It should be open to people regardless of their background. It should also encourage those who will benefit most from the many years spent acquiring a qualification, and support students to succeed while at university, recognising that university education is costly to students and the public more generally. Productivity Commission,

The Demand Driven University System: A Mixed Report Card, Commission Research Paper, Canberra, 2019, p. 2

This is the demand requirement of the bargain. On the supply side the federal and state governments provide base funding for the universities. For top-up funding these governments sanction creating commercial relationships with industry and the capitalisation of university research. They also provide favourable conditions for attracting domestic and international fee-paying students.

The Grand Bargain comes with many rules and regulations. Each university is governed by its establishment legislation. The government also polices its public universities through various oversight and quality assurance bodies. And the federal government of the day via the Minister for Education plays a key role in shaping policy. This institutional structure requires constant attention and often creates frustration for university administrators. It also imposes significant governance and financial costs on each university.

The Grand Bargain grants universities a privileged position to provide higher education and a gatekeeping role to award degrees and help accredit a broad range of workforce occupations. The benefit to universities in this two-sided market, matching students with the perceived needs of the workplace, is to concentrate power in the hands of a small number of institutions. The benefit to graduates is that they receive credible credentials, which, in turn, provide more opportunities in life and work. In general, graduates do financially better than people without a university education. The benefit to the state is that it receives a good (tax) return from its investment in graduate education.

The Grand Bargain also resonates with a fundamental premise of contemporary higher education, namely that 'knowledge is now the universal currency that underpins the relative performance and success of individuals, organizations and nations' (Professor Paul Johnson, the vice chancellor of the University of Western Australia).⁴ Professor Johnson is talking about the knowledge economy. Because many universities around the world have bought into this idea, it is worthwhile describing what the Organization for Economic Cooperation and Development suggests it means:⁵

The knowledge economy is an expression coined to describe trends in advanced economies towards greater dependence on knowledge, information and high skill levels, and the increasing need for ready access to all of these by business and public sectors.

Luckily for the universities, a growing knowledge economy provides an economic tailwind for the university sector because it demands more graduates and more research. However, as noted in the next section, looking at education and research as economic products provides a distorted lens through which to manage universities and calibrate their outcomes.

As noted earlier, a part of the Grand Bargain is that university education will be available to all suitable students who wish to acquire it. However, this idea of a university education for the ‘masses’ has been challenged as a waste of public money, especially if it is designed to produce ‘job-ready’ graduates. As Bran Caplan notes, because much of the current university education is the study of irrelevancies, it results in empty credentials.⁶ As many graduates in arts, psychology, law, politics, science and media studies will testify, much of what they learn in their degree is of little relevance to the job they do or the life they lead. In many industries you learn more on the job than any university education can provide.

So the role of many degrees is to signal that you can apply yourself successfully to a big task, rather than you have gained a body of relevant knowledge and been assessed against a standard of proficiency. Here a degree helps get a job interview. For example, some of the large professional accounting firms who recruit large numbers of graduates are becoming degree-agnostic.⁷ Outstanding performance in any degree is what they are looking for.

Notwithstanding the concerns about the instrumental value of much higher education, currently we are seeing the universities doubling up in this labour certification game. First, as more and more people gain an undergraduate degree, the demand for postgraduate degrees rises to signal that the holder is better than his or her peers. Next we see universities talking about the benefits of their ‘lifelong learning’ programmes. The key issue here is that the personal, social and economic benefits of university-based life-long learning are yet to be clearly shown. For

example, in the corporate world there are a number of so-called academy companies like General Electric and BP, and consulting firms like McKinsey & Company that offer far better post-university management training than any Australian university. BP's Financial University offers more than 300 courses for the company's top 250 financial managers.⁸ General Electric's Financial Management Programme runs for two years and involves assignments in various company roles. Because of the quality of these programmes, many graduates are poached by other companies. No Australian university can match the breadth and depth of these types of career-based lifelong learning programmes. So if universities are educating for the knowledge economy, they might want to reconsider where their comparative advantage lies.

Another part of the Grand Bargain with public universities is that they will be efficient, transparent and accountable. Since the 1980s the new public management movement has sought to achieve these outcomes. Because it explains why Australia's public universities and many of its counterparts around the world are governed the way they are, we review its underlying logic.

1.2 New Public Management

Thomas Diefenbach notes that new public management (NPM) is a set of beliefs and value statements about how public sector organisations should be designed, organised and managed, and how in a quasi-business manner they should function.⁹ The basic idea is to make these organisations more business-like (the assumption here is better managed) and market-oriented (the assumption here is offering greater value-for-money). The benchmark against which progress is judged is that of the 'old' public sector organisations that were over-formalised, slow, compartmentalised, inefficient and red-tape-producing bureaucracies. In the university context, these institutions were often infected with so-called stagnant consensus seeking, whereby any organised group could slow or veto a decision. Much so-called collegiate debate was boring and time-wasting. And many parts of the university were ruled by 'god professors' and privilege.

Diefenbach notes that these NPM ideas are now applied to all types of public sector organisations in most Western nations and they are supported by all the major political parties. There is much written about NPM by academics,¹⁰ and nearly all of it is uncomplimentary as it applies to universities.¹¹ Professional university managers would undoubtedly see things differently. Notwithstanding these opposing views, the ideas and practices of NPM are now entrenched in many universities around the world.

In the university context an underlying belief is that because higher education is largely funded by taxpayers, they and their political masters are entitled to know that their money is well spent. Thus, efficiency is a key metric of performance. Therefore, guided by their managers, universities now measure and create benchmarks for activities like the time and cost of educating different types of students, and the inputs (such as research grants) and outputs (such as journal articles) of research. Given that academics are the significant cost component in these activities, it is not surprising that the search for cost efficiency has resulted in a worsening of the faculty/student ratio, a decrease in the number of tenured faculty and an increase in the number of itinerant 'adjunct' teachers. For education, process efficiency is being sought by asking students to do more education by themselves 'on-line'.

Another focus of NPM is quality or excellence—of research and education. But these are slippery concepts. What is easy to measure is outputs adjusted for quality. Favourite metrics for research are the number of articles published in international 'top-tier' peer-reviewed journals and the number of citations they receive. Another is the amount of research money raised. An emerging metric is the 'impact' or outcome of this research, now formalised in Australia as the Engagement and Impact (EI) Assessment. Favourite metrics for education are the completion rate of students, satisfaction with the course and the instructor, and the percentage of students who are employed soon after graduation.

Another focus of NPM is transparency and accountability. Inputs and outputs need to be identified, measured, audited and reported. A look at a university's annual operational and financial reports will swamp the casual reader with such data. They might also be surprised by the number of operational and compliance issues that a university must address.

Another aspect of transparency, accountability and quality is the increasing scrutiny by outside quality assurance agencies. Some like Excellence in Research Australia (ERA) are government sanctioned, but many like the so-called reputation rankings are private. What these agencies measure inevitably filters through to what the universities think is important and strategic.

The two issues of quality and transparency have led to some absurd reductionist outcomes sanctioned by university administration. One is the setting of academic benchmarks for managing research performance. For example, at one of our universities a recent scheme started with the goal to be a Top 3 Australian Business School as recognised by the ERA. It then defined research quality as the publication of articles in A* and A journals as designated by the journal list used in the ERA evaluations. Each journal was awarded points ($A^* = 2.5$ points and $A = 1$ point). While the research benchmarks said that other things matter (such as PhD supervision and securing external research money), its emphasis was that these publications really matter. When publications appeared outside these journals, they were recalibrated as journal points (e.g., a book with a prestigious academic publisher was 2.5 points).¹² So here we find that an individual's research performance is essentially reduced to a specified minimum number of 'publication points'. Some commentators have characterised such schemes as resembling the old Soviet planning goals. They also make a mockery of university narrative statements noted in Chap. 2 that talk about how our universities are tackling the complex, multidisciplinary problems facing society.

Another key belief of NPM in universities is that education and research are, or can be, characterised as economic goods. This also sits comfortably with the belief of an emerging information economy. When research is an economic good it needs to pay for itself. So we see the search for more external funding and opportunities to 'sell' its intellectual property. This partly explains why universities are interested in measuring research impact. Impactful research, and the academics who do such work, are easier to 'sell' to funding agencies, industry, politicians and the media.

Education as an economic good defines its key attribute as a qualification, and its benefit as a return-on-investment, usually employment.

Also, it implies that the process of education is an economic transaction between a buyer (students) and seller (the university, faculty and teachers that delivered the education). Thus, it is not surprising that students approach this transaction like the consumers they are in other domains. They want value for money (such as a qualification that helps to get a job) and satisfaction (they liked the education process). This is especially so if they are affluent consumers, namely, high-fee-paying (international) students. In this consumer context, the hierarchical relationship between teacher and student can easily disappear. And when university managers decide that more horizontal (peer-to-peer) and self-learning approaches to education are desirable, it does. Finally, with the need for growth in student numbers to finance operations, many universities have degraded the signal quality of the value of their qualifications. Grade inflation,¹³ falling entry standards¹⁴ and contract student cheating¹⁵ are three prominent causes.

There are two paradoxes and two design faults in NPM that bedevil universities. The first paradox is that as the universities strive for greater efficiency and effectiveness, they require greater numbers of managers to design, oversee and report on the systems implemented. Our contention is that too many of these managers add friction to the institution's operational efficiency because they then require compliance work from the front-line academics. The criticism here is that managers often regard the time of academics as a free good that can be conscripted for all manner of meetings, procedure following activities and report writing. For example, at the time of writing, to make sure that all examinations look similar, the University of Technology Sydney requires both the examiner and another assessor to review 29 criteria for four different versions of each exam (the main, rescheduled, alternative and supplementary exams). There are 145 boxes (yes, the form has little boxes) to be ticked by two people and an associate dean who checks that the form is complete! This is a wonderful example of box-ticking compliance. It is also costly in terms of time and tedium.

The second paradox is that as Australia's public universities mirror the corporate form, there is a renewed internal emphasis that they should not forget to act like old-fashioned public service organisations. The tactic here is for the institutions to adopt and promote the ethos of impartiality,

social equity, fairness, integrity, citizenship, representation, welfare and social justice. There is nothing wrong with these ideals except that they often deflect attention away from what a university is really about. It is not a public sector organisation. It is a 'university', an organisation that we call throughout this book as an intellectual capital organisation. The primary reputation of these organisations is based on the development and dissemination of ideas and information, not its hygiene, namely, being efficient and equitable places in which to work and study.

The first design fault is that NPM characterises a university as a machine that can be managed with numerical targets and performance measures. Because it has multiple constituencies, a framework like Robert Kaplan and David Norton's balanced scorecard is ideal for this purpose.¹⁶ However, for anybody who has actually worked in the blast furnace of a university, a better characterisation is that these institutions are systems of human relationships. These are especially powerful in the research context where people work together to generate new knowledge. (For example, today there are few single-authored publications.) The NPM obsession of looking good by the numbers does violence to one's understanding of the sense of community in a university.

The second design fault with NPM is that it overemphasises efficiency and its companions, accountability and transparency. Many years before NPM became the vogue, the founding father of modern management, Peter Drucker, observed that focusing on efficiency often results in an inability to find opportunity:

The pertinent question is not how to do things right, but how to find the right things to do.¹⁷

So NPM ideas put blinkers on universities who are now required by their principal funding agencies to seek more opportunities.

NPM explains how and why the central administration of many universities has grown and extracted control from the faculties. It also suggests one reason why many universities seem to be worried about their future, namely, that they are not good in identifying and exploiting opportunities. Because NPM is the grounding managerial belief system in university administration, we will use a complementary business-oriented

framework (Chap. 3) as a lens to evaluate it and the strategies of Australia's public universities.

1.3 The Current Report Card

Australia's universities are important to the economy and its social fabric. Some of the raw numbers are impressive, such as they inject over \$30 billion into the economy each year; they account for in excess of 1.5% of GDP; international students are the third-largest (reverse) export, accounting for more than \$20 billion annually; and from approximately 0.3% of the world's population, Australian universities produce approximately 3% of its scientific research.

At the sector level these universities provide a great return on investment. For example, in a speech to the National Press Club (14 August 2018), Professor Ian Jacobs (President and Vice Chancellor of UNSW and Chair of the Group-of-Eight Universities) outlined that these universities provide a tenfold return on the government's investment (as calculated by the group London Economics).¹⁸ He also went on to argue that this economic return could be even greater if there was better business-university collaboration. In a report titled *The Importance of Universities to Australia's Prosperity* the consulting firm Deloitte Access Economics catalogued how Australia's universities also make a range of significant contributions to Australia's social fabric.¹⁹

From a management perspective we see a problem with Australia's universities. They are too complex. Much of this complexity is caused by government regulations, policies, funding formulas and reporting requirements. Government ministers keep changing the settings of these levers of control. However, a significant amount of complexity is self-inflicted. As the universities try to accommodate an ever-broadening array of concerns, they add programmes, policies and procedures without the discipline of removing or consolidating some existing provisions. Institutional complexity inevitably seeps down to congest the delivery of front-line services. Here we focus on self-inflicted complexity and the reasons why it persists.

From a risk perspective we see two weak spots for most of Australia's universities. These are at the very top and bottom of the institutions. At the top is the governance regime. This is 'designed to fail'. It is discussed in Chap. 2. At the bottom is the trend that an increasing number of undergraduate students seem to be adopting the attitude of 'consumer' rather than 'student'. Thus their relationship with and loyalty to a particular university is weak. This issue is discussed in Chap. 5. In contrast, a strength of Australia's universities is that the Tertiary Education Quality and Standards Agency suggests that they have low financial risk. However, the fallout from COVID-19 pandemic illustrated that this evaluation was somewhat optimistic.

One of Australia's more noteworthy vice chancellors Professor Glyn Davis notes that in 2015–16 the American sociologist William Lacy found much to like about our public universities—for their size and resources, they performed well in research and education, contributed to the community and were admired internationally.²⁰ However, the qualification to his positive report card was that they lacked diversity and thus offered few meaningful choices to students about the type of institution to attend. We also suggest that they are an expensive way to deliver higher education. And to offset these costs, the reliance on overseas students as a significant revenue stream has led some universities to degrade their entry standards to the point that these marginal students struggle to cope with university life, and thus the reputation of the institution suffers.²¹

From a strategic perspective some other profile numbers that have been variously reported about Australia's universities are thought-provoking. For example, it costs \$12.4 billion annually to operate the Group of Eight universities, of which the government provided \$6.7 billion; more than half the number of people who work in our universities are not academics; in seven years our universities spent \$1.7 billion in marketing and advertising; at the time of writing the highest-paid vice chancellor gets a salary of \$1.53 million.²² In comparison, the prime minister of Australia and the president of the United States earn less than many of our vice chancellors. These numbers hint at a central question explored in this title, namely, are our universities bloated with administrative costs? Our thesis is that Australia's universities are burdened by their managerial bureaucracies.

1.4 Are Australia's Universities Top-Heavy?

We just claimed that Australia's universities have fewer academic staff than administrative staff. For example, the 2018 University of Technology's Annual Report of Operations noted that it had 1881 academic staff and 2102 professional staff (page 1). This is a professional to academic or 'administrative intensity' ratio of 1.12. Trawling the websites of Australia's other public universities reveals that most have ratios of 1.0 or greater. Intuitively (at least to us) this seems high.

To support our intuition, we note a study of 115 UK universities by Rhys Andrews and his colleagues.²³ Their data found that these universities had a ratio of 0.46 (with a range of 0.34–0.66). Thus, Australia's universities have twice the administrative overhead as their UK counterparts. So which ratio might be the better one?

As Andrews and his colleagues note, the literature on administrative intensity in public sector organisations suggests that there is an inverted U-shaped relationship between administrative intensity and performance whereby as administrative intensity rises, this work may expand beyond its usefulness for supporting the core activities of the organisation. Their empirical study set out to explore this issue. Three of their findings are insightful (and support our academic intuition):

- There was support for the inverted U-shaped relation for both research and education performance, and the tipping point was a ratio of approximately 0.50.
- Administrative intensity is helpful up to 0.50 in dealing with external regulatory forces (such as the ERA) and external market pressures (such as winning research grants, recruiting students and placing them in employment). After this point it starts to create administrative friction.
- Students are happier with their education when resources are allocated to the front-line rather than back-office functions.

If we accept the essence of these findings, the strategic challenge for many universities is to reduce the number of administrators. But where

should cuts occur? The findings suggest that administrative effects are positive when they directly support front-line education and research. Many of these staff can be found in the faculties, laboratories and research centres. The findings also suggest that administrative effects are positive when they provide education and research resources for the faculties, such as recruiting students and helping to secure research funding. Their work supports an old management consulting mantra in the service industry that says that the administrators who matter most are the people who serve the front-line people. Before academics started to use Microsoft Office to design and produce much of their teaching and research, these second-row people were an army of secretaries and research assistants. Today many academics do many of the jobs previously done by these people. In our working careers, Microsoft Office is probably the single most useful and effective cost-saving business process innovation adopted throughout universities.

So where do administrative inefficiencies lie? Our contention as (old) front-line service providers is that one source emanates from the compliance regime that universities have created to manage to government regulations and the expectations of being a public sector organisation. For example, everybody is required to complete, and periodically renew their certification for an increasing number of training modules concerning the design of their education materials, and their workplace knowledge and behaviour.

A second source inefficiency is the desire of university administrators to dictate how education should be conducted. For example, university-wide teaching systems, many of which have yet to demonstrate their efficacy, are imposed on courses that may not be suited to their approach. And they often don't suit the teaching style of the instructor. So what often results is a box-ticking compliance response. For example, in many cases course syllabi read like legal documents, with more than half their content made up of administrative details that have no relevance to the course being taught and are simply included to meet compliance requirements. Few students read this material, and many instructors don't know what it really means. But ultimately, teaching material is adjusted to comply with the current standard. Then after some grumbling by the instructors, life goes on as before.

A third source of inefficiency is the back-office systems of universities, such as human resources and information technology. As the commercial providers of the software that powers these systems evolve and upgrades are installed (to the software company's profit), hundreds of staff struggle to reconfigure their systems to accommodate changes which are often superfluous. What system-wide information technology change forgets is that there are three types of staff (and students) in a university: those who interpret IT to mean inspiration technology, those for whom it means information technology and those for whom these two letters mean in trouble.

To illustrate the amounts of money that might be saved by making even modest reductions in administrative intensity, consider that in 2018 the University of Technology Sydney spent \$296.5 million on non-academic salaries and \$12.4 million on software maintenance (2018 Financial Report, p. 22). A 10% saving here would have increased the university's operating surplus by over 40%.

1.5 Why This Book

This book starts at a point of agreement with one of Australia's more notable vice chancellors, Glyn Davis of the University of Melbourne. As he moved on from this position, he made the salutary point that strategy really matters.

One responsibility matters for everyone within the university: strategy. Guiding the priorities that mean we do some things but not others, that we ensure the university articulates, and lives by, its aspirations.

Strategy requires a full armoury of skills—values, vision, clarity, communication, an implementation plan, evaluation, reporting back. It means sharing with colleagues a sense of purpose, why this place matters.

G. Davis, "Confessions of a Vice Chancellor", *The Australian Financial Review* (30 August, 2018), 52–3.

The reason for this book is that we believe that our universities have lost focus on their two primary roles. All have been distracted by the

chatter of politicians, special interest groups and media commentators. They have also struggled to manage the expectations of their primary government paymaster who wants them to do more with less. The essence of our criticism of Australia's public universities is that we can't see that many of these institutions have a comprehensive and coherent strategy. Their public documents are best described as a collection of strategy fragments. Also, the institutions typically look to be too complex and too costly to run. They try to achieve too much with their limited resources which results in many things being less effectively done than they should be. Also, in order to get public support, they make contestable claims that they are underfunded.²⁴ Our argument is that this is likely to be camouflage for the fact that they squander some of the funding they receive.

In his book *The Australian Idea of a University*, Professor Glyn Davis describes why our universities look the way they are.²⁵ They are a product of their past—their British heritage, establishment legislation, sources of funding, perceived social obligations, various government interventions and follow-the-leader academic and management mentalities. He suggests that they lack distinctiveness and are ripe for disruption. We agree that imprinting by history, combined with imitative behaviour (isomorphism) caused by the demands of external ratings agencies, following each other's academic norms and voluntary follow-the-leader actions, has led to a lack of distinctiveness. Also, the last two types of imitation are classic institutional risk aversion strategies.

However, there is debate about what type of distinctiveness a university should strive for. Should it reflect the demands of different types and abilities of students? Should it reflect the supply of different courses and teaching styles? Should it reflect the culture of the institution? Or should it reflect cost and educational difficulty that create a status hierarchy of institutions? The last type of distinctiveness allows a university to sort students into layers, which might be something that certain types of employers in the knowledge economy value. Thus, two strategic questions are (a) which type or combination of types of distinctiveness could enhance the evolutionary fitness of the university, and (b) would it be valuable to dilute the various types of isomorphism that bind the institutions together?

While there have been calls for universities to ‘disruptively innovate’ and provide a new model of university education, we believe that in the short term the current orthodoxy is so strong that it will only result in incremental changes to some universities rather than a radical innovation by any of the incumbents.²⁶ For a sector with such a long and distinguished history this is not a fatal diagnosis. In a world where many people are being spooked by the rhetoric of turbulent change, to have some long-standing public institutions ‘make haste slowly’ is a somewhat comforting prospect. The challenge for the university sector is to persuasively communicate the logic of this evolutionary path.

Threats to this make haste slowly scenario come from three sources. One is international in nature. Because our universities play in an international market, a real danger comes from whether countries like India and China decide to mimic the current world-wide university system or break the mould of what higher education really entails. So far the surface indicators are that they seem to be playing the current game. For example, many Chinese universities are ‘buying back’ from overseas universities their best expatriate academics with huge salaries. Also, as *The Economist* newspaper recently noted, some Chinese universities are being very successful in the orthodox university rankings game, especially on the research front.²⁷

The second threat is reconstructionist in nature. W. Chan Kim and Renée Mauborgne of the INSEAD business school have called this strategic mindset the search for blue oceans.²⁸ Here a new entrant will target the most profitable sectors of the higher education market with a business model and value proposition to students and academics that attract the best of both groups. Part of this will involve developing a research model that is self-funding. This type of institution will have a small, rather than a broad, footprint. A version of it is outlined in Chap. 12.

The third threat is political in nature. It is the increasing tendency for governments to ask universities to rely on market mechanisms to raise new revenue. Because teaching is what raises most revenue, there is a push to grow student numbers. As these numbers grow, many students now come to university without all the basic skills necessary to complete their education. One common missing skill for overseas students is English proficiency. Some students will attend catch-up courses offered

by the university to upgrade their language skills; however, many others will muddle through, sometimes with the help of their fellow students. The problem here is that poor language skills impede learning and degrade student interaction in classrooms and tutorials. It also feeds the trend for more examinations to adopt a multiple-choice format. There is also the push to get more research to pay for itself. Thus, research with no immediate commercial benefit may be put at risk.

Two outcomes of these trends are that universities have become better marketers of their education and tougher negotiators about the intellectual property rights of their research with industry. The consequences of these outcomes sometimes surprise universities. For example, students become more like consumers and demand value for money. The teacher-student relationship is redefined. And in the USA, because some universities are tough negotiators of intellectual property, many US companies want to work with overseas universities where they get more favourable intellectual property terms.²⁹

1.6 The Roadmap Ahead

To preface our strategic analysis, we start by discussing the nature of the public strategy statements we rely on. These statements can be found on the Internet via searching terms like ‘University X strategic plan’. Each one is a narrative about the university’s vision and ambitions. While these statements provide only a partial picture of a university’s strategy, they are the single best source of information available in the public domain. Also, their publication on university websites indicates that these institutions are proud to use such statements as a motivational device for staff—a good housekeeping seal of approval for government—and to promote the vision and capabilities of the institution.

Next we look at the governance of our universities. This is where the strategy of the university gets ‘signed off’. Then we describe what strategy is and is not. This template serves as the road map for our forensic analysis. The various published statements of university strategy provide the feedstock for this analysis. They provide specific examples of good and poor practice to illustrate the points made. We supplement these cases

with observations from other commentators and our experience. To conclude our critique, we describe what a new type of Australian university might look like.

Our position is that with more thoughtful strategies, better management and more structural diversity our universities could and should be much better.³⁰ As two old professors with more than 70 years' combined experience, much of it in the trenches of three Australian universities, and as anybody who has worked in or been a student at an Australian university knows, these institutions are like a curate's egg—they are composed of some good bits and some bad bits.

Our perspective is contrarian. So the aim of the book is to expose some of the bad bits of university strategy so that when fixed, they can support rather than erode the good bits of the curate's egg. Our book follows on from the work of Simon Marginson and Mark Considine in *The Enterprise University: Power, Governance and Re-invention in Australian Higher Education*. This scholarship provides the history of many of the issues we discuss.

Notes

1. For a review of many of these, see S. J. Duckett, "Turning right at the crossroads: The Nelson Reports' proposals to transform Australia's universities", *Higher Education*, Vol. 47 (2004), 211–240.
2. S. Marginson and M. Considine, *The Enterprise University: Power, Governance and Re-invention in Australian Higher Education* (Cambridge, UK: Cambridge University Press, 2000).
3. Establishment here means both the first (establishing) group of universities and that they cater to the establishment/elite sector of the class system.
4. As noted in the university's 2020 vision statement.
5. As noted by the Organization for Economic Cooperation and Development (OECD).
6. B. Caplan, *The Case Against Education* (Princeton: Princeton University Press, 2018).
7. P. Nikolettatos, "Shaping sticky students: encouraging lifelong academic relationships in an era of transience", *Campus Review* (14 June, 2019).

8. Reported in J. Karaian, *The Chief Financial Officer* (New York: Public Affairs, 2014), pp. 56–57.
9. T. Diefenbach, “New Public Management in Public Sector Organizations: The Dark Side of Managerialistic Enlightenment”, *Public Administration*, Vol. 87, No. 4 (2009), 892–909.
10. See for example the journals *Public Administration* and *Public Management Review*.
11. See also, C. Lorenz, “If You’re So Smart, Why Are You under Surveillance? Universities, Neoliberalism and New Public Management”, *Critical Inquiry*, Vol. 38 (2012), 599–629.
12. Notwithstanding the tendency for universities to say in their strategy narratives that staff should be innovative and that they will be respected as individuals, managers like benchmarks that drive conformity because they (a) help to start often difficult conversations with an academic—your position is expected to perform at this level, (b) they define the agenda for the conversation—these are the criteria that the committee agreed on and (c) they appear to be fair in their consideration of a person’s case—everybody is judged by the same criteria.
13. See, for example, V. E. Johnson, *Grade Inflation: A Crisis in College Education* (New York: Springer, 2003).
14. See, for example, J. Baker, “Top Uni’s Plan to Cut Entry Standards” *The Sydney Morning Herald* (15 June, 2019), 1 & 2.
15. See, for example, the MyMaster scandal.
16. R. S. Kaplan and D. S. Norton, *The Balanced Scorecard: Translating Strategy into Action* (Boston: Harvard Business School Press, 1996). For the counter-human relations view to this approach, see H. T. Johnson and A. Bröms, *Profit Beyond Measure: Extraordinary Results Through Attention to Work and People* (New York: The Free Press, 2000).
17. P. F. Drucker, *Managing for Results* (New York: Harper & Row, 1964), p. 5.
18. Reported in *The Conversation* (14 August, 2018).
19. *The Importance of Universities to Australia’s Prosperity* (Barton, ACT: Deloitte Access Economics, 2015).
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- Four Corners, screened 6 May, 2019); transcript available at ABC News (abc.et.au).
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 23. R. Andrews, G. Boyne, and A. M. S. Mostafa, “When Bureaucracy Matters for Organizational Performance: Exploring the Benefits of Administrative Intensity in Big and Complex Organizations”, *Public Administration*, Vol. 95, No. 1 (2017), 115–139; Table 1.
 24. Given that any increase in government funding for higher education must be at the expense of some other areas of public expenditure or an increase in public debt, it is incumbent on this sector to prove its worth to society before boldly claiming to be underfunded.
 25. G. Davis, *The Australian Idea of a University* (Carlton, Vic: Melbourne University Press, 2017).
 26. See, for example, H. J. Eyring and C. M. Christensen, *The Innovative University: Changing the DNA of Higher Education from the Inside Out* (San Francisco: Jossey-Bass, 2011).
 27. “Looking to beat the world”, *The Economist* (17 November, 2018), 33–34.
 28. W. Chan Kim and R. Mauborgne, *Blue Ocean Strategy* (Boston: Harvard Business Press, 2005).
 29. W. C. Johnson, “Globalisation of Research and Development in a Federated World”, in L. E. Weber and J. J. Duderstadt (Eds.), *Reinventing the Research University* (Econmica, 2004), 159–175.
 30. For a picture of the diversity of US institutions see R. Zemsky, “On Classifying Universities: Policy, Function and Market”, in L. E. Weber and J. J. Duderstadt (Eds.), *Reinventing the Research University* (Econmica, 2004), 109–117.