

## CHAPTER 5

### UNIVERSITIES AND CORPORATE MANAGERIALISM

#### INTRODUCTION

In the previous chapter we provided a description and critique of Government strategies designed to measure performance and increase accountability in the area of tertiary education. In particular we outlined weaknesses in the system of accountability and concluded that policy makers had failed to address a series of important questions related to its effectiveness and cost. Reforms such as these clearly have implications for employment relations in universities. This issue, however, was dealt with only very briefly. The present chapter deals more centrally with the issues of tenure, and of collegiality within universities.

Social relations within most universities have traditionally been characterised by a diffusion of power and responsibility and an absence of a clear cut hierarchy of authority. Generally speaking, matters concerning university policy are not dealt with solely at the upper levels of the organisation but are subject to discussion, debate and judgment by committees consisting of academic staff. Academic staff, in this respect, are not simply employees but members of a 'community' who participate in establishing the rules by which the organisation is governed.

Security of employment or 'tenure' is particularly important as far as universities are concerned because of its connection to academic freedom. Academic freedom refers to the right of academic staff to teach and pursue research interests in a manner which is free from political interference. By protecting academic staff from dismissal on grounds of political orientation, tenure helps to ensure that scholarship will not be impeded by those who hold competing ideologies. In other words, academics can teach, conduct research and criticise society or the state without fear of unfair dismissal.

In recent times, however, attacks have been mounted on collegiality and tenure. Participatory decision making has been decried for its lack of efficiency and accountability and tenure has

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Critical Perspectives on Cultural and Policy Studies in Education

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come under fire because it 'encourages laziness' and impedes the ability of universities to deploy resources according to market forces. In this chapter we critically examine both the erosion of collegiality and the attack on tenure'.

## THE MANAGERIALIST ATTACK

One of the first hints of change to university management structures can be found in the *Hawke Report* (1988). In this document it is argued that polytechnics and universities have failed to recognise the importance of good financial and property management. In particular, their management structures are condemned because of apparently 'outmoded divisions of responsibilities and ill defined duties.' Academic tenure, the *Hawke Report* adds, should remain but 'should not be a shield against incompetence' in either management or academic activities. To rectify these perceived shortcomings it was recommended that new management structures be set up to oversee teaching activities and that 'Chief Executives,' be placed on a fixed term contract with renewal dependent on satisfying well defined performance criteria.

This distinction implied between academic staff on one hand and Vice-Chancellors as members of 'senior management' indicates a shift away from collegiality to a more hierarchical form of university governance. And if such a distinction was implied in the *Hawke Report* it became explicit in the statement of Government intent, *Learning for Life II* (1989). According to this document, Vice-Chancellors would not only be placed on contract but would, in conjunction with the State Services Commission, become the 'employers' of university staff. As a corollary, salary setting for university staff was to be removed from the jurisdiction of the Higher Salaries Commission and made subject to the collective bargaining provisions under the Labour Relations Act (1987) and the State Sector Act (1989). This has since happened with the effect that the division of interests which exists in the private sector industrial relations is now mirrored in universities.

Attempts were also made to weaken collegiality in other ways. Under the University Acts which followed the *Hughes Parry Report* in 1961, the existence of professorial boards, whose membership included deans, professors and heads of departments, was guaranteed in law.

Furthermore, university councils were compelled to consult with professorial boards prior to making any statute, regulation or decision which affected academic policy. In fact they could not make decisions on academic matters until they had first received and considered recommendations from the professorial board. The Education Amendment Bill (1990), however, abolished the legal requirement for universities to have a professorial board. After much protest professorial boards (now academic boards) were reinstated along with their usual rights and obligations. Nevertheless, provisions were made to weaken the influence of academic staff at the level of university councils. Whereas academic staff were once guaranteed from two to six places on university councils, they are now guaranteed only one place (although councils can have up to three if they wish).

There were many, however, who argued that the changes did not go far enough. The brief to the incoming National Government by the Treasury (1990:136-137), for instance, criticised the highly political manner in which resources are allocated within universities on grounds that it prevented resources from flowing automatically into areas of the greatest student demand. The State Services Commission (1990:15) asserted that conditions surrounding the exercise of academic freedom impeded the ability of Chief Executives to exercise their managerial prerogatives and prevented accountability of staff to university management. Finally, the Tertiary Review Group (1991:25) argued that university governance lacked responsiveness because of 'staff age profiles,' 'complex committee structures' and 'staff tenure.' Without such obstructions, Chief Executives would be able to 'close departments' or contract out in order to release resources for those courses 'most needed by the economy and wider society' (ibid).

In any case, the recommendations of the Tertiary Review Group were overshadowed to a significant degree by the introduction of the Employment Contracts Act (ECA) later in 1991. The ECA is an important landmark in the history of industrial relations in New Zealand because it brings to a close a tradition which began with the Industrial Conciliation and Arbitration Act (1894). The central features of the industrial relations framework prior to the ECA were the final resolution of disputes through compulsory arbitration and a system of state supported and regulated unions. Both these features were abolished under the ECA. This, along with high

unemployment and other features of the ECA, has severely weakened the ability of unions to negotiate national contracts and protect or advance pay and conditions.

The implications of the new industrial relations framework for the education sector were to some extent spelt out in an address by the Minister of State Services to chief executives of the education sector in March 1991. In this address the Minister warned that significant wage restraint should be exercised in the state sector and suggested that the ECA (then a Bill) would provide the means to achieve that goal. While he argued that financial restraint would not necessarily entail a reduction in staff or wages he did indicate that education sector employers should avoid committing themselves to permanent positions for staff.

In the period following the introduction of the ECA, the New Zealand Vice-Chancellor's Committee commissioned the Lincoln University personnel registrar, Paul Bradley, to examine the new industrial relations environment as it pertained to universities. The ensuing document, known as the 'Bradley Report,' clearly sets out to exploit the ECA to the full. The report (1991:2) states for instance, that the ECA opens new avenues for 'enhanced management practices' and 'gaining a competitive edge.' Because they provide Vice-Chancellors with maximum freedom to set the pay and conditions of employees, *individual* rather than *collective* contracts are recommended. Such a policy, which has since been implemented, leaves the way open for the exploitation of new staff and has the potential to divide the academic community.

#### A CRITIQUE OF MANAGERIALISM

The attack on traditional university management by Treasury, the State Services Commission, the Government and the Business Roundtable is bolstered by an unquestioning faith in 'managerialism.' The best type of organisation, according to this view, is tightly regulated and characterised by clear cut lines of authority with a concentration of power at the upper levels. Central to this model is the idea that performance and commitment to work are based on *extrinsic* punishments and rewards like redundancy, promotion, and productivity based pay increments. In the words of the Bradley report (1992:2), for instance, university management can be improved through staff contracts which contain 'incentive/disincentive components which relate to anticipated outputs.'

This assumption echoes principles established by F.W. Taylor in the early 1900s (Smyth 1989:146-147). Applied in the production of pig-iron at Bethlehem steel works in America, Taylor's programme was based on the assumption that output is lowered if workers are allowed to plan their own tasks. In order to increase productivity, Taylor argued that management should assume control of planning and apply financial rewards in direct proportion to the amount of effort expended by workers. In Taylor's view the human being is like a machine; the greater the current or amount of fuel, the greater the productivity. Not surprisingly, this assumption has come under attack for its impoverished assumptions about human nature. Rose (1988:57), for example, describes Taylor's ideal worker as a 'monstrosity: a greedy machine indifferent to its own pain and loneliness once given the opportunity to maim and isolate itself.' Most importantly, however, Taylorism ignores the many important social and psychological factors which influence human motivation.

Given these assumptions about human nature and the role of management it hardly surprising to find that managerialists describe participatory work practices in the most unflattering terms. Decision-making processes in universities, for instance, have been likened to a 'garbage can' (Lutz, 1982). Like pieces of rubbish, people, problems and solutions are flung together. What happens inside the 'can' or committee meeting is generally indiscernible and what comes out is messy, unpredictable and often not the result intended by the participants. Because of these factors participatory management structures in universities are seen as 'cumbersome,' 'unnecessary' mechanisms which impede the effective delivery of the service (Blandy, 1988: 41).

Most people who have worked in New Zealand universities would doubt that they are as chaotic or disorganised as this model seems to imply. And if even if they are, this has not prevented them from operating efficiently and responsively by world standards (*Watts Report*, 1987:34-35). Nevertheless, current management theory strongly advocates a move away from traditionally hierarchical, tightly regulated organisations to those which are by comparison 'chaotic' or 'highly disorganised' (Peters, 1992:xxxiii). Such a shift, in this view is marked by the introduction of high levels of trust, co-operation, and minimal supervisory control. Even Blandy, who ironically rejects this model in the Business Roundtable report on New Zealand Universities, favours a 'bottom-up' rather than 'top-down' organisation which emphasises the

importance of 'grass roots contributions.' (Blandy, et al, 1985). In any case, the application of managerialism, with its celebration of hierarchy, regulation and possessive individualism has generally been discredited in the private sector. Why then impose it upon universities?

Turning to the issue of tenure, we have already indicated that the attack on this facet of university life takes place at two levels. At the individual level, tenure is seen as a shield for laziness or incompetence. Now, if this is a major problem then surely something should be done about it. However, no hard evidence is ever produced to demonstrate that it is. One suspects in fact that tenure becomes problematic only from the point of view of neo-Taylorist assumptions about human nature. If individuals are naturally greedy and lazy, they may need the spur of poverty to motivate them. But if human nature does not conform to the 'greedy robot' model, this critique of tenure loses much of its force.

The abolition of tenure, however, can also be justified at an institutional level. According to this argument, tenure makes institutions 'inflexible' because it locks resources into certain fields of inquiry. This is fine as long as demand remains stable. But patterns of enrolment change and this creates a surplus of resources in some areas and scarcity in others. In areas where scarcity is extreme, students are turned away and the institution is financially penalised by a drop in enrolments. There are reasons, however, for doubting that universities are as inflexible as their critics seem to indicate. In recent years student numbers have expanded rapidly without a corresponding increase in academic staff. At the same time the number of part-time teaching assistants has risen disproportionately (Peters, 1990). This type of labour, consisting typically of graduate students, can and is deployed more or less directly according to the number of students attending any given course in one year. This extensive use of casualised employment provides a considerable degree of flexibility in resource allocation within universities and therefore raises questions about the necessity to remove tenure from full-time academic staff. Tenure in universities has also been defended by the New Zealand Business Roundtable (Blandy, 1988). Given that the Business Roundtable has supported every other market-based reform from user-pays to competitive neutrality this is surprising. Nevertheless, while they 'see merit' in a totally casualised labour market, they argue that it would not be an appropriate course of action for the following reasons. First, the retrenchment of academic staff would prove an

expensive and difficult exercise. Second, given the current state of university budgets, an increase in resources in one area would inevitably result in job losses for colleagues in other areas. This would damage morale and adversely affect productivity. And third, security of employment can and has allowed a 'trade off' against salary levels. If this condition was removed, salaries would have to increase to attract staff (Blandy, 1988:39). For the Business Roundtable, therefore, tenure can be justified because it has a distinct set of economic payoffs.

What the Business Roundtable, the State Services Commission and Treasury ignore, however, is that tenure also has social and political advantages. Tenure is not simply a luxury for those who staff universities but represents a check and balance which plays an important part in the operation of any democracy worth its salt. Academic freedom and the tenure which partially underpins it exist, in order that society may have the benefit of honest judgment and independent criticism which otherwise might be withheld because of fear of offending a dominant social group or transient social attitude (Cited in Sartorius, 1975:133).

This is not to say that universities produce uniquely 'objective' knowledge or that they have historically been at the forefront of the assault on conservative or anti-democratic thinking. In fact, as the feminist and anti-racist movements have shown, universities have often been extremely intolerant of alternative viewpoints. Nevertheless, as institutions which are placed outside the capitalist production process, they can provide an opportunity or holding environment' (Bologh, 1991:39) within which creative and critical thinking can take place.

At this point, perhaps, it is worth considering what sort of knowledge and graduates we want from our universities. From the perspective of the state, higher education is predominantly an economic investment which prepares individuals for the competitive world of international commerce. The ideal university from this point of view is one which caters mechanically for the needs of industry by shifting resources from department to department according to market signals. This position, however, is clearly at odds with the statutory requirements that universities be repositories of knowledge and the conscience and critics of society. In order to fulfil these functions effectively universities need to encourage a diversity of thought and the interplay of opposing ideas (Ashford, 1983:20). The ability of universities to generate and



maintain a rich variety of viewpoints, however, requires dissent and the capacity to pursue lines of thought which are speculative, unpopular, and may have no immediate economic or social payoff. Without the security of employment and freedom of thought that tenure provides, it is likely that universities may fail in this task.

## CONCLUSION

In this paper we have provided a brief description and critique of changes in aspects of university governance. In particular we have shown how the Government has succeeded in introducing an industrial relations framework which mirrors the division of interest between management and labour in the private sector. This has been accompanied by a barrage of attacks by various Government organisations on the tradition of collegiality and tenure within universities. Such an attack, however, is based on discredited managerialist models of human motivation and organisation and is motivated by the assumption that universities are inefficient and unresponsive.

The evidence suggests, however, that New Zealand universities are reasonably flexible. And they are certainly cost effective by world standards. Even the authors of the Tertiary Review Group (1991) have grudgingly admitted the 'no university ever exceeded its budget.' Given that universities have traditionally adhered to the participatory management methods extolled in recent organisational literature their success in this regard is hardly surprising. This suggests that the removal of collegiality is likely to be counterproductive. Worst of all, however, the deterioration of collegiality and abolition of tenure in universities could hinder their ability to maintain theoretical diversity and eventually render them incapable of producing critical or independent thought.

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