University corporatisation: Driving redefinition

Lee Parker [a,b,c,*]

[a] *School of Commerce, The University of South Australia, Australia*
[b] *The University of St Andrews, United Kingdom*
[c] *AUT University, New Zealand*

ARTICLE INFO

ABSTRACT

Drawing on international research into changing university environments, profiles, and structures, this study applies a neo-institutional perspective to the analysis and critique of underlying developed country trends in public sector university corporatisation and commercialisation. Identifying primary environmental and historical influences, the paper focuses upon key environmental factors that have promoted the importation of new public management and private sector philosophies into universities of which a significant proportion have been traditionally identified as operating within the public sector. The findings reveal an underlying neoliberal political and economic agenda, that has laid the foundations for the profound transformation that has reconfigured universities' governance, missions, core values and the roles of their academics. These changes emerge as mimicking private sector corporate philosophies and governance structures, as well as returning to scientific management approaches of a century ago. Accounting and accountability are revealed as conduits supporting these significant shifts in university identity and role. Their realignment with shifting societal economic preoccupations and priorities is revealed as permeating their intellectual core, commercialising knowledge production and transforming the identity and role of the academic community.

1. Introduction

From the late 20th century onwards, many universities in developed countries have experienced an arguably exponential rate of change in their environment, structures, strategies and processes. Emerging from a period of relatively sheltered existence, serving predominantly elite and stable national markets, often supported to large degree by government funding, they have been launched into a global educational market, and required to generate more actively their own constituencies and resources. Such actions have brought profound changes in their core values, fundamental missions and overall operations.

This paper addresses the apparent corporatisation and commercialisation of universities in developed countries including the UK, Europe, North America and Australasia since the 1980s. These have had particular impacts upon universities traditionally positioned as state funded entities operating in the public sector realm. The nature and magnitude of the recent shift in university identity and role can be characterised in terms of culture, governance, structure and operational focus, as a corporatisation of universities, along with the commercialisation of their missions, objectives and operations. Particularly for state owned and funded universities in the public sector, these changes not only represent dramatic reconstitutions of philosophy and societal roles, but also reflect fundamental forces that are not always entirely understood or fully appreciated.

* Correspondence address: School of Commerce, The University of South Australia, South Australia, Australia.
E-mail address: lee.parker@unisa.edu.au

Yet such understanding of the influences and paths that have brought universities into their current situation is important for informed decision-making and actions at all levels of university stakeholders: from governments, to communities, to university management, to academics themselves.

Accordingly, this paper aims to investigate and interpret the implications of underlying factors that have produced the process of university corporatisation and commercialisation. In doing so, the paper addresses five associated questions. What key environmental factors have spawned the apparent radical transformation of university identity and focus? How has government played such a central role in motivating these changes? What are the corporate characteristics that universities have imported from the private sector? What historical origins do they appear to reflect? Finally, how are these influences and changes reflected in the identity and role of academics serving within these institutions?

The study applies a neo-institutional sociology (NIS) theoretical lens to a considerable array of research into university environments and changes over recent decades. The sources utilised include a range of published research that has variously employed survey, interview, case study and historical methods. The countries embodied in these published sources range predominantly across European, North American and Australia and New Zealand nations, including some OECD studies, with particular publicly available statistics and examples drawn from the Australian environment.

The paper and its major sections are structured around the above research questions posed. First it offers an outline of the NIS theoretical perspective that informs the analysis and then moves on to consider the contemporary tertiary education environment that has spawned university transformations and the neoliberal revolution that produced this environment. It then addresses the question of public sector reforms and government agendas that have provided the backdrop to change in higher education. The importation into the university sector of private sector corporate concepts and philosophies is then considered, and an argument made for its reflecting historical corporate governance approaches of the scientific management school. The impacts of these changes upon the role and identity of university academics is analysed, and finally the role of accounting as a conduit for university commercialisation and corporatisation is then addressed.

2. A neo-institutional sociology perspective

The examination of the redefinition of universities, as presented here, is informed by a neo-institutional sociology (NIS) perspective that has been developed and refined over the past 30 years. NIS contends that organisations pursue legitimacy, approval and funding from their general environment and culture (social, economic, political and institutional) and from organisations and constituents key to their survival and prosperity (Euske and Euske, 1991; Fogarty, 1996; Stone, 1991). Such pursuit takes place both formally and informally, with informal processes gradually becoming cemented into formal organisational structures and processes, thereby becoming institutionalised. In their general tendency to conform to prevailing societal beliefs and values, where organisations find themselves functioning in similar environments, they also tend to gravitate towards establishing and institutionalising homogeneous structures and processes.

The organisational tendency to conform and homogenise is exhibited via one or more of three behaviour patterns: coercive, mimetic and normative isomorphism. Coercive isomorphism occurs when an organisation adapts and changes to conform to external pressures applied to it. Changes in values, behaviours, structures and processes can occur for example in response to pressures exerted by other organisations or groups upon which the organisation depends. These can for example take the forms of laws and regulations applied by governments, performance standards imposed by monopoly suppliers or buyers, or strategies imposed by dominant sponsors or donors (Carmona et al., 1998; Carruthers, 1995; Cornforth and Edwards, 1999; DiMaggio and Powell, 1983; Fogarty, 1996; Steane and Christie, 2001). Mimetic isomorphism refers to a pattern of behaviour where an organisation voluntarily imitates other groups' or organisations' values, characteristics, behaviours, structures or processes. It may include echoing currently accepted community ideas and values, adopting a fashion or custom in the industry or community, or copying another organisation's apparently successful strategy. Normative isomorphism represents another route to organisational conformity and homogeneity that takes place through the beliefs and actions of key groups within its own organisational members. Specific member groups (e.g. Professional, administrative) that share particular common professional training, background, or norms, may import those into their employing organisation. These will reflect their profession's wider norms and values transmitted through its disciplinary paradigms, networks, and education of its profession members (Carmona et al., 1998; Carruthers, 1995; Cornforth and Edwards, 1999; DiMaggio and Powell, 1983; Fogarty, 1996). These isomorphic behaviour patterns may of course combine. For example one powerful organisational group, namely senior management, may for example interact directly with key external environmental stakeholders and factors to translate pressures for organisational change coming from outside the organisation into internal organisational implementation, thereby combining both coercive and normative isomorphisims (Modell, 2001). Similarly, organisational members may take on board the legal and cultural rules and expectations of the society around them through a process of both coercive and mimetic isomorphism, so that the social values and expectations of government, consumers and other external stakeholders become reified as organisation members' own social reality. The organisation then becomes shaped and institutionalised by its environment (Dambrin et al., 2007; DiMaggio and Powell, 1983; Scott, 2001; Scott and Meyer, 1991).

Within organisations, NIS argues that operational and financial management processes increasingly formalise and become institutionalised as the organisation seeks to project an image of rationality and compliance with convention. The whole raft of organisational planning, control and performance measurement systems play this role, from strategic plans, to budgeting systems, to costing systems to human resource management systems and onwards. These all serve to project an image of