

Global higher education and bureaucratised universities

Why does one produce the other?

Alison Wolf

Is there really more bureaucracy?

- Academics are convinced of this, and tend to be less content with their working environment than professional services staff/managers
- Statistical evidence of a growth in proportion of non-academic staff in some leading systems

American research universities

- 1987-2016: cost increases far outpace inflation – doubling in real terms per-student
- 40% of increase in academic costs (instruction, research)
- 60% of increase in central and facilities costs
- *(R. Martin 2012 The College Cost Disease)*

Today's higher education (1)

- Enormous by historical standards
- Very high enrolment rates
- Very large institutions

- This in itself creates pressure for bureaucratic procedures – arrangements need to be 'person-independent' (cf Max Weber, bureaucracy and 'the files')

The impact of size

- Tends to create more hierarchical structures, greater distance between individual professionals and decisions made by the centre
- (Large organisations may decentralise radically, but this tends to be very difficult to achieve unless cash flow is also clearly decentralised and linked to subordinate units)

How much can an organisation decentralise?

- **McDonalds & Burger King**

- Standardised product can be sent to franchises
- Cash flow can be entirely local
- Local hiring/management

- **Large universities**

- Depend for success on academic autonomy
- BUT –
- Central admissions
- Central exam regulations
- Central budgeting & cross-subsidies
- Expensive plant

Modern management & 'public choice' theory

- Concentrates on public sector/governmental analysis
 - but basic arguments are universal
- Everyone
 - Seeks 'agency' and autonomy/control
 - Seeks resources
 - Needs to believe that what they do is important and valuable

Size and Parkinson's Law

- Constant tendency of all organisations to grow if they can find the money
- 'Officials wish to multiply subordinates, not rivals'
- 'Officials make work for each other' – not intentionally but inevitably

('Work expands to fill the time available')

Today's higher education (2)

- Operates within modern 'regulatory states': demand for 'accountability' which modern IT systems allow to grow
- Universities are generally public and even when they are not, are in receipt of large sums of public money
- Two sets of regulation – general and university-specific

The regulatory state

- State intervention to correct particular market failures leads to steady growth in regulation
- In recent decades steady expansion into most aspects of life, and reduction of self-regulation by eg professional groups

Regulatory complexity

- As the regulatory state has expanded, result is increasing complexity and increased information problems.
- It becomes harder and harder to know how a new regulation will impact on other existing ones, and harder and harder to know what is required. This has direct and major costs.

The impact on organisations

- “Audit society”, ‘Rituals of verification’ – tick-box societies
- But the main requirement, for an organisation, is ensuring audit trails
- Universities are highly risk-averse, deferential to the state
- Regulatory state reinforces bureaucratic tendency, spawns separate (auditable) function, slows decision-making (and of course creates costs)

Today's higher education (3)

- Global environment increasingly important for elite institutions
- In some systems, international recruitment an essential part of the financial model
- In most developed countries, pressure – internal and from governments – to be a ‘world class university’, and score well on league tables

League Tables

- Determined to a very large extent by scientific research, where global reach/metrics allow of 'objective' rankings
- Requires large sums of money, including, crucially, cross-subsidy within the the university
- Important in attracting high-fee students

Impact on universities' internal organisation

- Formal financial procedures to secure 'contributions' from profitable departments
- Pressure to increase recruitment and margins
- Central planning of research, 'initiatives'
- Arrival of marketing departments, growth of 'communications'

Estates Departments

- Strongly affected by rapid growth – both in response to government policies/surging home demand and, among top institutions, strategy of growth and overseas recruitment
- Estates departments grow in importance
- Tendency to view universities as valuable real estate with annoying sitting tenants,

What is to be done?

- Regulation often superimposes 'command and control' on an industry or enterprise which operates through incentives and values
- Shared and internalised norms and loyalties remain critically important. You need, in the end, to trust people to do the job.
- These norms are created and reinforced in small groups – research units, departments, not university-wide

The nature of a university

- Tension and strength is its combination of myriad 'cottage industries' and 'sole traders' with a common stem of activity – we take in students and we award degrees
- Any distraction of academics from their core tasks is ultimately a cost for the institution. The most successful universities in the world are those which concentrate on looking after their academic staff
- This is a very irritating truth, and many academics drive everyone mad. It is, nonetheless, fundamental.