

# CHAPTER

## Universities as Organizations and their Governance

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### INTRODUCTION

'G'overnance' is a comparatively novel derivation from the root word 'govern' – or, more precisely, it has acquired a new currency and meaning. 'Governors', 'governed' and 'governments' have been familiar terms for centuries. Although 'governance' was not an unfamiliar word in the past, it was often used in an archaic or rhetorical sense; it was not a modern term. But, in the past two decades, a new and more contemporary meaning has been attached to 'governance' to denote a much broader account of the governing process going beyond the actions of 'governors' and 'governments'. 'Governance' embraces a wider set of actors; it ranges beyond the territory of state institutions into the private and voluntary sectors; and, consequently, it is a more ambiguous and volatile process.

Often, 'governance' is used in association with other words that have acquired new currencies and meanings—first, a bundle of words such as 'mission', 'vision' and 'strategy', which emphasizes the dynamic aspects of 'governance' (Bargh, C. & Scott, P. & Smith, D., 1996); and a second bundle such as 'stake-holders', 'ownership' and 'accountability', which emphasizes its representative and fiduciary aspects (Shore, C. & Wright, S., 2000). These semantic shifts and affinities may signify fundamental changes in the constitution of public (and private) authority at the beginning of the twenty-first century. One of these changes is the re-engineering of the state, which has tended to erode wider notions of the 'public interest' and to transform it into

the facilitator of individual, and group, ambitions. As a result, classic forms of the welfare state have been superseded by neo-liberal and entrepreneurial forms, which have required a shift from straightforward notions of democratic 'government' to more sinuous notions of stakeholder 'governance'. Another change is the decline, but also the intensification of professional society, and the rise of so-called 'risk society' (Beck, U., 1992). The increasing domination of technical processes (in late-modern society) has been accompanied by a declining respect for, and trust in, experts (in a society that is already post-modern in key respects). These confusing trends have required a re-conceptualization of authority and accountability—which, in turn, has placed greater emphasis on more diffuse notions of 'governance'.

Universities have been deeply implicated in these changes—as (in most cases) state or, at any rate, public institutions, they have been adversely affected by the disenchantment with the social democratic state; as mass institutions, they have been intimately involved in the democratization of education and society (and the extension of that project from a 20<sup>th</sup> century emphasis on the more equitable distribution of life-chances to a 21<sup>st</sup> century obsession with the construction—and deconstruction—of life-styles); and as expert institutions, they have been shaped by the redefinition of 'expertise', at once more technical and more contested (Gibbons, M. & Limoges, C. & Nowotny, H. & Schwartzman, S. & Scott, P. & Trow, M., 1994) (Scott, P., 1995) (Nowotny, H. & Scott, P. & Gibbons, M., 2001). As a result, the 'governance' of universities has acquired a new relevance and urgency. This wider idea has begun not only to embrace but also to replace traditional notions of academic self-government or, since the 1960s, the democratization of university government.

For the purposes of this chapter, 'governance' is interpreted in wide rather than narrow terms. It is taken to denote the entire leadership function of the university and, therefore, includes not only the formal governing body (university council, board of control, board of governors depending on national and institutional contexts) but also all the other central organs of university government. These include the President, Rector or Vice-Chancellor and his/her senior management team, the Senate or Academic Board and the central administration. Not only is it necessary to adopt a wide rather than a narrow definition of 'governance' for reasons that have already been given; there are also a number of advantages.

- First, it more accurately reflects the real distribution of power and influence in universities. Governing bodies in a narrow sense often validate—and, therefore, legitimate—decisions taken elsewhere. This may be especially true with regard to the university's core academic functions; governing bodies may exercise greatest authority in other, arguably secondary or service, areas such as buildings and bud-

gets. Bagehot's celebrated dichotomy between the 'efficient' power of the government and the 'dignified' power of the monarch in Victorian Britain comes to mind;

- Second, it recognizes that 'governance' in universities is a highly distributed function. In practice it extends far beyond the formal (and legal) authority of governing bodies, beyond 'efficient' power of the senior management and administration, beyond even academic authority of the Senate or Academic Board. In universities, to a greater extent perhaps than in any other type of institution, real authority is exercised as the grass roots—by individual faculty and (in a more limited fashion) administrative staff members. Faculties, Schools and Departments are intermediate arenas in which the formal authority of the governing body, senior management, administration and academic governance must be reconciled with the informal influence of academic guilds;
- Third, it reduces the particularities of different types of higher education institution, which perhaps are at their greatest in terms of formal governance, and emphasises instead the similarities in how power and influence are exercised in different systems and institutions. Instead of concentrating on technical and legal differences, attention can be placed instead on a much broader typology of governance cultures. This typology will be explored later in this paper, but the distinctions it produces are fluid and permeable. Although diversity (arguably) is increasing in higher education, these new forms of differentiation are not aligned with traditional differences in governance. Indeed, some of the most important forms of differentiation are intra- rather than inter-institutional, which may produce greater convergence in terms of governance.

Of course, a wide definition of 'governance' does present certain difficulties. The most significant perhaps is that it tends to fudge the distinction between institutional and systemic governance. It can be argued that, having widened the circle to include senior managers and academic government, the circle should be widening still further to include supra-national and national agencies. This argument must be taken seriously, for two reasons. First, there are real difficulties of definition. For example, in Britain, the higher education funding councils look rather like statewide coordinating bodies in the United States; yet, the former pertain to national governance and the latter, arguably, to institutional governance. Second, governance is a holistic process, best understood by exploring the articulations between national, system or sector-wide, institutional and sub-institutional levels. To focus on the institutional level, as in this paper, offers an incomplete and even misleading picture.

In the rest of this chapter, four main topics will be explored:

- the reasons behind the increasing emphasis on governance
- models of universities as organizations
- different patterns of university governance – by national systems and types of institution
- reforms of university governance.

## **THE GROWING IMPORTANCE OF GOVERNANCE**

There are many reasons for the increased attention now paid to university governance, some generic to all (or most) higher education institutions and systems; others which are particular to different classes of institution and national systems and/or are contingent on 'local' political circumstances.

The generic reasons include:

### **The Increasing Size of Universities and the Growing Complexity of their Missions**

As a result of sustained expansion of student numbers over the past four decades universities have become much larger. Even in Britain, where because of the historical value placed on academic and pastoral intimacy institutions have traditionally been smaller, the average size of a university is now 16,000 students. The increasing size of universities has stimulated the development of complex infrastructures, in terms of management information systems, student support services, new communications and learning technologies, maintenance of buildings and plant, and so on. At the same time, universities have taken on multiple missions often involving novel tasks. Better-articulated academic systems have had to be established to cater for new kinds of students on new kinds of academic programs. As a result of these quantitative and qualitative changes the manageability of universities has become a more important issue, which, in turn, has led to a greater emphasis being placed on governance. Reform has become ubiquitous (Kogan, M. & Hanney, S., 2000).

### **Flexibility and Responsiveness**

The increasing importance of higher education in terms of the ambitions of many governments to increase participation and combat social exclusion and their aspirations to harness knowledge production to wealth creation in a highly competitive global environment has led to growing demands and pressure from 'external' stakeholders. As a result, concerns have been expressed about the capacity of universities, as currently managed and governed, to respond with sufficient vigor and speed to these new political agendas. In

many cases, changes in governance, particularly strengthening the lay element, have been seen as one way to make higher education more adaptable.

### **The Erosion of Trust**

Universities, like many other professional organizations which in the past enjoyed considerable autonomy, have suffered from the general decline in trust accorded to such organizations. The growing popularity of performance indicators, good practice guidelines and other evaluation mechanisms has contributed to the emergence of a so-called audit culture. This culture affects other professions such as the law and medicine as much as, or more than, higher education. Nor can universities any longer rely on old habits of deference. Student expansion has eroded the 'mystery' that once cloaked elite higher education. The cumulative effect of these changes is that, through their formal governance, institutions must reflect the increasing emphasis on accountability (to non-academic constituencies, whether political and 'market') and also that, through their governance in a wider sense, they must be able to develop the capacity to cope with the ever more insistent and ever more detailed demands for audit, assessment and evaluation.

### **The Re-Configuration of Budgets**

Between 1945 and 1980, higher education became increasingly dependent on public expenditure for its core income. This was a global trend that affected all institutions and all systems regardless of their mix of public and private income. The fortunes of the university rose with the flourishing of the post-war welfare state. The growth of public support for higher education reflected both quantitative and qualitative shifts – student expansion (which would have been impossible without large-scale public investment) and the increasing subordination of more traditional academic purposes to new political agendas. More recently, two phenomena can be observed as the burden of public expenditure on higher education has increased. First, increasing – and, in some eyes, oppressive – emphasis has been placed on achieving efficiency gains, i.e. reductions in income-per-student, and guaranteeing value-for-money. Many governments have developed selective funding mechanisms and special initiatives to secure these objectives. As a result, the structures of university governance and management have had to be strengthened to secure their more efficient operation and to be able to demonstrate that efficiency to external scrutineers. Second, the undermining of the welfare state has demonstrated that there are limits to the expansion of public expenditure. As a result, universities have had to diversify their income sources. The need to generate more non-state income has underlined the need for reforms in governance to make universities more attractive to possible private founders.

## The Re-Positioning of the University

Although the degree of autonomy that traditional universities had enjoyed can easily be exaggerated, the academic system was conceived of a discrete sub-system of society, which in important respects could be distinguished (and, therefore, was insulated) from other sub-systems, notably the market and politics. In this general sense, the university was regarded as an autonomous space, regardless of detailed constitutional, legal and administrative arrangements. This general condition no longer holds (except, possibly, in the case of a few elite institutions). The academic sub-system is no longer so clearly demarcated from other sub-systems. The university, although perhaps pre-eminent, is only one among a range of 'knowledge' institutions (with which it is often linked in partnerships and through networks). Science, scholarship and higher education are now highly distributed; traditional linear accounts of knowledge production have been challenged. The old (and perhaps inward) academic culture is being complemented—even eroded—by exposure to a new lifelong-learning environment. As a result the conception of the university as an autonomous space, and of science as an autonomous system, on which detailed arrangements for institutional autonomy ultimately depended, has been weakened. This shift has placed greater emphasis on governance – in the sense that it is the key brokerage mechanism between the university and its stake-holders, partners and rivals.

## The Diversification of Higher Education Systems

A similar effect has been produced by the diversification of higher education systems far beyond a core of traditional (and often elite) universities. This diversification has taken different forms. In most of the United States, a strategy of stratification has been pursued in which different 'levels' of institution have been allocated different functions; in much of Europe 'binary' systems have been retained in which a (reasonably) clear demarcation has been maintained between universities and other institutions with a more precisely defined vocational mission (*Fachhochschulen*, HBO schools etc.); in a few countries, including Britain, unified systems have been created in which the category of 'university' has been expanded to include newer kinds of higher education institutions. But the general effects have been the same. First, higher education systems now include many institutions that have a strong tradition of engagement with, rather than autonomy from, the rest of society. Second, they have introduced new cultures of governance, which reflect that closer engagement (whether in populist/democratic or quasi-corporate terms).

The locally contingent reasons for the increasing emphasis on governance, inevitably and inherently, are more difficult to describe. But they include:

## **Delegation of Administrative Responsibilities**

In several European countries during the past decade universities have been given greater responsibility for budget, personnel and property issues, which previously were entirely within the competence of the State. This delegation of administration has made it necessary to develop management systems, which, in turn, place greater emphasis on governance. This has been intensified by the encouragement universities have also received to use the greater freedom of organizational manoeuvre they now enjoy to pursue more entrepreneurial policies (which reflects the re-positioning of universities already discussed).

## **The Cult of Managerialism**

The erosion of welfare-state social-democratic values has led to a growing emphasis on 'corporate culture'. Universities have been re-conceptualized as 'businesses', which, therefore, must be run on corporate lines. As a result, a new managerialist discourse has developed in which both traditional academic and public service values have little place (Pollitt, C., 1990) (Willmott, H., 1995). This shift, although superficial in the context of the deep value-structures of the university, has had a significant impact on the culture of governance. This trend perhaps is most marked in Britain, as an after-shock of Thatcherism.

Such influences, and others, have contributed to the growing importance attached to governance in higher education in a broad sense. But their impact on the separate strands of governance has been different. Although it is always dangerous to attempt to generalize across institutions, systems and nations, their general effects appear to have been to leave external, or lay, influence on university governance relatively unchanged (which is puzzling in the light of the re-positioning the university and diversification of higher education systems); to reduce the influence of the academic guild (although the power of professors as individual entrepreneurs has substantially increased); and to increase the influence of senior management and the administration. If this is correct, it suggests that the most powerful of these trends are the organizational complexity of higher education institutions, the re-configuration of budgets, and the growth of audit and evaluation systems. The other, apparently more fundamental, trends appear to be less significant. But this may be a question of time-scale. The current pattern of university governance, in which senior managers have certainly become more powerful, may reflect immediate pressures from the State, still higher education's predominant funder, for greater efficiency (the decline of the welfare state) and a more direct contribution to economic competitiveness (the knowledge society). In other words, the university has been re-engineered as the result of external

imperatives. Future patterns of governance may reflect more radical and fundamental pressures produced by the re-visioning of the university, both in terms of wider social perceptions and institutional self-realization. In these circumstances both lay and academic elements in governance may be more powerfully re-asserted.

## MODELS OF THE UNIVERSITY

The governance of universities cannot be divorced from their purposes, which are reflected in their institutional values and organizational structures. This paper is not intended to discuss the core purposes of higher education. However, it is important to recognize that in the highly volatile and unstructured environment that characterizes the new millennium (in the construction of private, social, economic and intellectual life), the university has a dual role. The first, which receives most emphasis, is to act as a (possibly the) leading institution within the emerging knowledge society—as a producer, and disseminator, of knowledge and of knowledgeable people. It is largely in this context that universities are valued by governments, employers and, of course, many of their student-customers. This is also the image that university leaders typically present—of the university as a dynamic and innovative institution. The second role, however, may be equally important: the university also has a responsibility to conserve, to protect, to discriminate and to criticize (in the best sense)—in short, to be an agent of stabilization in a highly unstable society. Much less attention is paid to this second role. Too often it is judged to be a conservative, even reactionary, project that harks back to some mythic ‘golden time’ of university freedom – but it too has been given urgency and relevance by the transgressive and pervasive characteristics of (post?) modern life.

It is in the context of this double mission of the university, to innovate and to stabilize, that the various organizational models (and ultimately, therefore, their patterns of governance) should be judged. Viewed from one perspective, the university is a corporate bureaucracy; from others, an academic guild—a ‘donnish dominion’ in the alliterative phrase of the British sociologist, A. H. Halsey (Halsey, A. H., 1992); from others again, a political organization. Several theoretical models have also been suggested:

### **The University as ‘Organized Anarchy’**

This model of the university is derived from a particular view of the nature of academic work (Cohen, M. & March, J., 1974). Because academic staff have a high degree of discretion over the tasks they perform, organizational goals are often unclear (or irrelevant?) and the ‘fit’ between people and



structures is fairly loose. This tension between individual aspirations and corporate goals is reduced by a high degree of participation in decision-making. In effect, goals are subordinated to aspirations or are simply defined in terms of the aggregation of individual aspirations. This is not as conservative as it sounds, because such aspirations are shaped by institutional environments and cultures and because they are often highly innovative. Nor has this model necessarily been superseded by newer and more dynamic models. It is still a fair description of how elite universities are managed and governed, and even in apparently more managed institutions key academic decisions remain highly devolved and often impervious to managerial intervention. In Britain, for example, the apparatus of examination boards and external examiners sustains a high degree of delegation. In this model of the university, there are significant implications for governance; the most important perhaps is the legitimization of a division of labor between lay influence and academic discretion, which has been institutionalized in the bi-cameral government of university council/governing body and academic board/Senate.

### **The University as a Cybernetic System**

According to a second organizational model, the university is best regarded as a cybernetic system (Morgan, G., 1986) (Birnbau, R., 1986). It is a flexible, adaptable and resilient institution with a formidable capacity for self-organization in the face of changes in its external environment. In this model, the emphasis is placed on the creative interaction between different elements, and levels, within the university rather than on the tension between individual and corporate goals. The processes, structures and systems by which the university is managed and governed assume great importance – because they embody its capacity for self-organization. They also enable the institution as a whole to ‘learn’ from its external environment. A variant of this model is relevant to the early discussion of declining trust and the rise of an accountability culture. An alternative way to view these changes is as an internalization of audit, the development of habits of self-evaluation and self-correction, which are essential for successful self-organization. The combination of peer-review with more formal systems of research assessment and quality assurance may be an example of how higher education (as a system but also as institutions) responds to external demands and ‘learns’ from their experience. Certainly these systems, initially regarded as intrusive, are quickly internalized. If this organizational model of the university is accepted, the implications for its governance are that the aim should be a balanced constitution – an integrated effort by lay members, academic staff and senior managers, rather than a division of function (and territory) as implied by the first model.

## The Entrepreneurial University

In this third organizational model, the university is seen as a 'trading' institution which engages in a wide variety of exchanges – with the State and other funding agencies, with its students, with employers of graduates and users of research and, wider still, with society, culture and the economy. In terms of its management and governance, therefore, the university must move beyond self-organization. Instead it must focus on links with the external environment—identifying new partners and markets, developing trading relationships and competing in the academic market place. This external orientation may lead to tension not only with the academic guild but also with the administrative bureaucracy, partly because there may be value-conflicts but partly because speedy decision-making assumes greater importance. The focus shifts to re-engineering the university. According to this model, the role of governance is to change the internal culture to make the university more competitive in the market place. This implies that the lay members and senior managers, the first group because they represent external constituencies (and so potential trading partners and/or rivals) and the second group because they have change-management skills, should have the preponderant voice with the academic guild relegated to a subordinate, or even oppositional role.

In practice, real-world universities have elements of all three models—organized anarchy ('donnish dominion'), cybernetic system (self-organization) and entrepreneurial institution (academic market-place). How these elements are combined, and in what proportions, are influenced by the characteristics of the higher education systems of which they are part and their status, or level, within these systems. Elite institutions are thought to be closest to the first model – but several have successfully demonstrated their capacity for entrepreneurship, as Burton Clark has argued (Clark, B., 1998). Similarly, newer kinds of universities, characterized by apparently more managerial cultures, are thought to be closest to the entrepreneurial model – but, again, this may underestimate the looseness of the 'fit' between the priorities of academic staff and corporate goals (and their capacity to pursue these priorities within the extensive territory of delegated powers). It is perhaps more accurate to see these models as relevant not to whole institutions but to separate units within them. Disciplinary and professional cultures are also highly influential because often they have the first, and most powerful, call on the loyalty of academic staff. Inner-directed 'donnish' values often co-exist in close proximity to outer-directed entrepreneurial behavior. This highly differentiated pattern presents particular difficulties in the context of governance. Governance pertains to whole institutions, and the scope for differentiating it to match institutional diversity is limited. The three organizational models of 'donnish dominion', self-organization and academic market place, therefore, may still be useful in shaping discussions of the role of governance in higher education.

## PATTERNS OF GOVERNANCE IN HIGHER EDUCATION

The historical evolution of university governance has produced five main types. These are (i) academic self-government (Oxford and Cambridge with their absence of effective, or any, lay participation in their government are good examples); (ii) lay trusteeship, which is typical of private universities and colleges in the United States; (iii) coalitions of lay and academic members, or 'balanced constitutions' in which spheres of influence are clearly demarcated; (iv) political patronage—of which the regents of state-wide systems or state-appointed members of boards of control may be examples; (v) state bureaucracy, in which universities are embraced within the administrative apparatus of the state (continental Europe provides the best examples of this type).

### Academic Self-Government

This is still regarded by many people in universities, sentimentally perhaps, as the ideal type. But since the waning of the Middle Ages, few universities have conformed to it. Even Oxford and Cambridge, although still organized as academic guilds, do not conform to this type in all respects. On three occasions in the nineteenth century, Parliament intervened to re-order their governance, and in the twentieth century they have become subject to virtually the same degree of regulation as other British universities. However, it would be misleading to regard academic self-government as an anachronism. Although it is no longer current at institutional level, it is still pervasive at sub-institutional level. In many universities, faculties and departments are organized according to its principles. There is little lay involvement, except in an advisory capacity or in professional arenas where issues of recognition and accreditation arise. The influence of senior managers may also be limited, partly because they share the commitment to academic self-government and partly because they lack the appropriate expertise. To the extent that the real governance of universities takes place at these intermediate levels, academic self-government is far from moribund. It is a formidable influence, even in institutions that ostensibly conform to other types of governance.

### Lay Trusteeship

Many private American colleges and universities are the product of the 'civil society' that De Tocqueville so much admired in the first half of the nineteenth century. They are embraced within a larger tradition of philanthropy, both religious and secular. As a result, their formal governance remains in the hands of lay trustees, who see it as their responsibility to maintain the ethos and tradition of the institutions they govern. This sense of responsibility is

heightened by the fact that many are also alumni/ae. Although generalizations are dangerous, lay trusteeship in many cases is interpreted as fiduciary duty rather than as a strategic responsibility. In this respect it may share some of the conservative traits of academic self-government, but without the internal dynamic of a progressive research culture. Their job is to conserve, not to innovate. Conservation, of course, can be expensive; trustees are sometimes expected to be major donors or to act as social and cultural intermediaries through which donations can be obtained. But, in other respects, institutional development is regarded as the responsibility of the president and administration. The successful president who enjoys the confidence of his/her trustees is in a powerful position.

### **Lay-Academic Coalitions**

Some universities are governed by coalitions of lay and academic members. Typically, they have large governing bodies (or councils) on which both groups are well represented. The so-called civic universities established in Britain during the Victorian period are good examples. Initially, lay governors were the dominant group because they represented the civic and business elites that had been prominent in the foundation of such universities. But, as these universities became more dependent on state support, their influence waned. In the third quarter of the present century, academic governors were in the ascendant. Their influence was compounded by the effective delegation of key academic decisions to Senates (or Academic Boards). In effect, a bicameral pattern of governance emerged. More recently, senior managers have become more powerful, but the size and heterogeneity of governing bodies restricts their room for manoeuvre and the maturity of many of these universities obliges managers to operate in harmony with the values of the academic guild (of which they are members—in contrast to the sharper demarcation between faculty and administration in many American institutions).

### **Political Patronage**

The governance of many American state universities and colleges is shaped by political patronage. Members are appointed by the Governor, with or without the involvement of the legislature. However, appointments may be made for lengthy terms to muffle the impact of short-term political change. In the case of statewide systems, governance may be undertaken by coordinating boards (although it may not be correct to include these boards in a discussion of institutional governance); multi-campus institutions are often governed by boards of regents; in the case of individual universities, responsibility rests with a board of control (in all three cases the nomenclature may vary). The degree of politicization is less than might be expected. Many appointees regard

themselves as the peers of the politicians who appoint them and not as their delegates; for example, they may have major donors to political campaigns (and see appointment to boards as a pay-back, which raises another set of difficult issues). Also, there are examples of political appointees going 'native' and defending their universities against illegitimate political interference. The influence of the faculty in institutional governance varies according to the prestige of their institutions; in major research universities, it is likely to be considerable. But, partly because these universities operate in a political environment and partly because they are typically large and complex institutions, the driving force is often provided by presidents and their administrations.

### **State Bureaucracy**

In most of Europe, universities are—formally—part of state bureaucracies. But it would be highly misleading to suggest that, as a result, they are subordinated to political agendas. The reverse may possibly be true—that what may be termed 'civil service' universities enjoy greater freedom of manoeuvre than autonomous institutions, whether in the public or private sectors. First, their connection to the State is through its administrative apparatus and not its political processes. Second, senior academics (notably professors) enjoy a high degree of job protection as state officials—even if, in isolated instances, they have also been subject to civil-service rules irksome to the exercise of academic freedom. Third, governance at the institutional level has remained comparatively weak, because key management functions have remained within the competence of the state. University boards and councils have often been highly politicized arenas, because of the high degree of state-mandated representation on such bodies. Almost invariably, rectors have been drawn from the professorate (usually within the same university). However, the ebbing of the welfare-state tide has left 'civil service' universities more vulnerable because, until recently, they lacked the entrepreneurial systems to respond to new challenges. As a result, the links between universities and the state have been loosened and more robust patterns of institutional governance and management are emerging.

These five types of university governance cover public and not-for-profit private institutions. However, in recent years, a number of corporate 'universities' have been formed. These vary greatly in scale and substance. Some, such as the British Aerospace Virtual University, amount to little more than a re-branding of existing corporate training and research and development activities (much of which may already be out-sourced to, or provided in partnership with, existing universities). Others, such as Phoenix University, are real attempts to compete—and compete profitably—with existing institutions. The extent to which the corporate sector will develop is still unclear.

The multinational mass-media corporations have yet to show their hand (Committee of Vice-Chancellors and Principals, 2000).

However, despite these differences and this doubt, the governance of these new institutions has little in common with any of the traditional types of university governance described above. Instead, they conform closely to patterns of corporate governance. In the case of in-company universities, they are 'governed' by appropriate line-managers. Other forms of scrutiny, whether by share-holders or supervisory boards, which could be said to approximate to what is meant by 'governance' in higher education, are vestigial or absent entirely. It is worth noting that corporate governance varies almost as much as university governance. In some countries, power is concentrated in the hands of the chief executive, a role that is often combined with that of the chairman of the board; in others, the two are kept firmly distinct; in others again, two-tier structures of supervisory and management boards are common.

However, it would be wrong to exaggerate the differences between governance cultures, particularly among the five main types outlined above and arguably even between public and not-for-profit private institutions on the one hand and corporate 'universities' on the other. First, although the formal differences appear to be substantial between, for example, academic self-government and lay trusteeship, the actual balance of power in Cambridge (England) and Cambridge (Massachusetts) is probably broadly similar. 'Civic' universities in Britain, land-grant universities in the United States and 'civil service' universities in continental Europe, too, have a great deal in common in their value structures and organizational cultures, despite their very different patterns of governance. Second, all higher education systems and institutions are subject to similar imperatives, whether threats or opportunities. All are expected to play their part in the completion of educational revolutions that have made participation in higher education close to a civic right or democratic entitlement; all are also expected to make a key contribution to the development of a knowledge-based economy; all are expected to conform to a wide range of requirements concerning organizational probity (for example, in employee relations, health and safety, value-for-money audits and many more). For both reasons—the convergence of actual and informal patterns of governance, and the commonality of external expectations of higher education—it would be a mistake to emphasize the technical differences in governance at the expense of the similarities and synergies.

## CONCLUSIONS – REFORMING UNIVERSITY GOVERNANCE

Two, apparently contradictory, forces appear to be shaping institutional governance. The first is the need to centralize, to act corporately. The second is the desirability of de-centralization, the urge to empower potential innovators. The tendency to centralize, in turn, has two main components. The first is that institutional identity must now be more strongly reasserted as the competition between universities, both within and between countries, has intensified. Global competition for world-class researchers or international students is a pervasive phenomenon, which is only marginally mitigated by growing collaboration between institutions across national frontiers. But competition within systems is also increasing in many countries, as once-rigid binary systems are softened or abandoned and even firmly stratified structures are eroded. Nor can these tendencies be reduced to 'upward' academic drift as mass institutions aspire to the status (and resources) of elite universities; there are also examples of 'downwards' drift as elite universities engage in new forms of academic outreach. Competition, therefore, is now multi-dimensional. In this new and less stable environment, universities must develop stronger institutional personalities, or identities. External factors have accelerated and exacerbated this tendency, such as the febrile condition of post-modern politics, with its near-instantaneous success or failure, and the ephemerality and volatility, but also the intensity, of life-style consumerism. Universities now have to be their own persuaders. They can no longer rely on a culture of deference or elite connections to make their case.

The second component of the drive towards greater centralization is the rising tide of regulation to ensure that academic quality can be formally assured (and, in the process, appropriate benchmark and comparative information made available to academic 'consumers' whether students or research users), to guarantee value for money (especially when the money is provided by taxpayers), to police compliance with a host of regulations concerning employee rights, health and safety and so on. The so-called audit culture is now firmly established in many countries. Of course, there is a close, even symbiotic, relationship between competition on the one hand and regulation on the other. The two trends are awkward allies, not opposing forces. As a result, two particular aspects of institutional governance have gained new prominence. The first is marketing and customer care. Universities now have much increased 'sales' budgets; the management of 'reputation' has become a key corporate responsibility; and governing bodies too pay growing attention to how their institutions are 'positioned'. Indeed, the development of core strategies is often heavily influenced by, and even derived from such activities, which some argue is the wrong way round. Mission statements, for example, straddle

these two worlds of strategy and marketing. The second aspect of institutional governance that has become more prominent is its increasing subordination to new regulatory regimes, which differ significantly from the planning regimes of the past. Governing bodies and senior managers are becoming prisoners of a compliance culture in which reporting requirements are proliferating and evaluation mechanisms become more intrusive. Governance is one of the most important means by which these external messages, and demands, can be communicated to broader academic communities and by which institutions can answer back, either through compliance or critique.

However, the pressures to decentralize are also increasing. It is now increasingly recognized that the managers of basic units (deans of faculties, heads of academic departments and directors of research centers) must be given appropriate incentives both to operate more efficiently to reduce costs and to behave more entrepreneurially in order to stimulate greater innovation. To become more responsive, therefore, institutions must devolve responsibility from central bureaucracies, arguably slow moving, to these allegedly fleet-footed basic units. Budgets are delegated, with surpluses being available for local reinvestment. Corporate rules and requirements provide a framework within which local variation is permitted. As a result, the balance of institutional governance has changed. Not only must members of governing bodies (and senior managers) be 'brand' managers and compliance-enforcers, they must also become facilitators of innovation. They must develop new capacities to assess and to manage risk, without inhibiting enterprise. Governance, in one sense, becomes a 'service' function—in addition to its more traditional responsibilities. This view of governance is at odds with an alternative conception, so-called corporate governance, which is increasingly popular, for example, in the National Health Service in Britain. According to this conception, governance is a dominant, even totalizing, enterprise, which makes use of performance indicators, guidance and protocols of good practice, benchmarking and the rest to reduce the autonomous spaces occupied by professions such as medicine or the law (or higher education?).

It is not easy to move beyond this broad description of the re-balancing of institutional governance to detailed recommendations for reforming existing patterns and structures. But perhaps an important change is a shift from emphasizing governance's contribution to the management of change to its responsibility for changing institutional cultures. Although control systems will continue to be important (not least to satisfy compliance demands and to maximize the resources available to support innovation), governance may also recover a more symbolic role—not, of course, in a static and traditional sense, but in more dynamic and innovative terms. To be able to discharge this new kind of cultural role, institutional governance must be open and transparent. If it is to help establish 'identity', it must take place largely in a public arena



Whatever the drawbacks of openness and transparency in the context of control management, 'identity' and 'ownership' cannot be achieved behind closed doors. Changing the culture can only happen if a new consensus about values (and, subsequently, about management) is established. This requires debate, dissent and even dissonance.

Changing the culture is not enough. It must be translated into strategy. Institutional governance has a key role to play here – but, to be effective, it must be seen as a pluralistic arena in which the views of lay members of governing bodies, senior academic and administrative management and academic government are all heard. Rather than seeing governance as a layered and hierarchical system, it is better seen as a negotiation, or even a conversation, through which new values and perspectives are generated. The temptation to streamline, to exclude, to reduce—although readily comprehensible in the context of the growing complexity—should be resisted. If the aim is to produce new 'identities', and strategies, owned rather than imposed change, such an approach is likely to be dysfunctional. Finally, of course, institutional governance must still be arranged in a way that its control and management responsibilities can still be effectively discharged. Although this last task appears to be difficult to discharge because 'control' governance is in conflict with 'cultural' governance, this apparent conflict is less if a broad and pluralistic definition of governance is adopted.

There has only been space in this chapter to discuss the wider context in which higher education governance is situated and to sketch the principles and broad characteristics of a new form of governance. Two important gaps have been left. First, a detailed and pragmatic examination of institutional governance has not been attempted. For example, the impact of new information systems on governance has not been explored – but it is likely to be fundamental. Management information no longer has to be rationed; instead it can be widely distributed. In that sense it tends to distribute decision-making power and to make governance an even more diffuse (and difficult) process. On the other hand, management information systems encourage the standardization of processes (and relationships), out of which new accounts of institutional purpose and mission may be constructed. Once, it was cynically said that universities were organisations held together by a common grievance over car parking; under contemporary conditions they may be held together by management information systems. Second, this chapter has concentrated exclusively on governance at the institutional level. But, at every turn, the inadequacy and artificiality of the distinction between systemic and institutional (and, maybe, sub-institutional) forms of governance have been exposed. My emphasis on governance as a pluralistic arena with (fairly) open frontiers makes my concentration on the institutional level even less defensible. Governance must be explored through the complex articulations between

different levels not by concentrating on arbitrary sub-divisions; indeed, the new meanings attached to the word, and the idea, consist largely in these articulations.

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