Democracy and the ‘Entrepreneurial’ University: Visioning the University in the Age of Globalisation

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Introduction

I want to acknowledge the traditional keepers of the land on which the University of Sydney now stands, the Cadigal people of the Eora nation, and pay respects to elders past and present. The epistemological tradition of Aboriginal constructivism provides a very appropriate foundation for our discussion this evening of the values and role of the modern university. In this tradition, truth is not discovered, but is rather constituted collaboratively through careful negotiation and respect for speaking positions, rights to speak, and careful assessment of truth claims.

The abuse of this traditional knowledge in the name of both ethnic and epistemological supremic Peace is something that continues to be deeply disturbing, despite forty years of ‘reconciliation’. John Howard’s refusal to say ‘sorry’ and, on behalf of today’s Australia, acknowledge the dispossession, racism and, dare I say it, genocide of the past, may be condemned as ethically retrograde and damaging our ability to move forward as a country. But to say ‘sorry’ is not to indulge ourselves in self-recrimination. What it does mean is
that we take responsibility both for the present and for the future of our nation and all its citizens.

In terms of the values of the university and its community of scholars our responsibility is not to take a particular political or ideological position (everything I have said so far may be contested and perhaps will be by YOU) but we do have a responsibility to speak, in that iconic phrase, “truth to power”. That means to uphold critical traditions towards what is ‘known’, a sceptical respect for evidence, and respect for the right to speak.

So let me now turn to higher education and how I will speak to the way that we are situated institutionally, politically, and economically in the ‘brave new world’ of late modernity.

Patterns of institutional change in higher education are in many ways very similar in different parts of the world: debates about who should pay, privatisation, the impact of technology, a concentration of research and graduate study, internationalisation, governance, and the role of the
professoriate. In facing these changes, the contemporary university must present a vision of its role in the future, and defend its past contributions to knowledge and to society. Increasingly the discourse of ‘entrepreneurship’ has informed responses to this changed environment. Yet, universities in Australia and in many other parts of the world now also operate within a framework of homogenizing and coercive comparisons. Regulatory systems have imposed system wide accountability around ‘simple numbers to which governments ‘can attach financial rewards and punishments. What we find is a hybrid and conflicting framework for what counts most in the university world. On the one hand, accountability systems have been imposed by agencies of the state. On the other hand, universities frequently assert their primary command and make a wide range of adjustments as they strive for market share in student load, fee income, research excellence, industry investment, and so on. The discourse of accountability is one driven by neo-liberal logic, but it also creates opportunities for a greater equity within the higher education system as universities come under scrutiny, for instance, in respect of access to opportunities by women and
minority groups. As Raewyn Connell has argued, accountability systems place educational ethics on the agenda, focussing not just on achievements and success, nor just on social exclusion, but also the systemic nature of privilege that is embedded in our educational institutions. The commercialisation of universities may in some respects illustrate the privatisation of the public sphere that has become so characteristic of late modernity but it may also offer universities a new way of defining their independence from state control and the ethical space to open up new, alternative forms of public engagement.

In this lecture I will argue that the relationship between the nation state and universities remains highly problematic. Despite this, there are spaces for new approaches. A concern with academic values is central to any reconceptualisation of modern universities, their purpose, organisation and contribution to society. The idea of an ‘entrepreneurial’ university only partially and inadequately reflects the changes and opportunities facing higher education. In practice, much current management thinking about strategy in higher education is underpinned by a functionalist
representation of the role of the university. I will argue that a deeper theorisation of the role of universities presents alternative options. In particular, these can lead to a more democratised form of university organisation. These processes are not without their own tensions. Management plays an important role in change. I believe that the idea of ‘management’ is mistakenly attributed to be a function of marketisation and the subservience of academic life to economic imperatives, but it is important not to overstate the role of management in the process of change.

The Changing Face of Universities
Systems of higher education are by general agreement going through a period of profound change. Change is often characterised by reference to the impact of globalisation, which in part refers to the rise of a new information age or ‘knowledge economy’, and in part to the liberalisation of economic processes. The ideology of ‘neo-liberalism’ has rolled back the significance of the state, replacing it with the global market-place as the principle regulator of economic activity. The growth of trans-national business uninhibited
by space-time constraints and the disinvestment of the state in public services, has in turn led to a commoditisation of many aspects of the public sphere previously protected by notions such as the ‘public good’. Nellie Stromquist (2002: 105) argues that ‘economic globalization has driven a demand for instrumental education’. She emphasises the particularly negative impact of this development on the humanities, undermining both the financial viability of these disciplines and contributing to a more general trend away from critical thinking. The evidence for this claim is difficult to assess. By contrast, the growth of cultural studies in the humanities suggests the continuing vibrancy of critical thinking despite the opposition of traditionalists. The popularity of such approaches may also suggest a rethinking of traditional degree structures and disciplinary identities in response to student demand for greater diversity and interdisciplinarity in the university curriculum.

The rhetoric of globalisation theory may at times get carried away on the enthusiastic wave of its theoretical pioneers. John Urry (2003), for instance, has expressed concerns about the under-theorisation of power relationships within
globalisation theory. Raewyn Connell (2006) has argued that globalisation theory has ignored the work of academics in the south and that this is not simply an error of omission but reflects power relationships within the academic community. The impact of neo-liberalism on third world universities is a largely untold story. Examples that do exist in the literature on higher education management have tended to focus on the ‘heroic’ triumph of a voluntaristic ‘will’ to change over the structural conditions flowing from wider economic liberalisation. By contrast, the ‘tiger’ economies of Singapore, Japan and Korea point to the continuing importance of government investment in the knowledge economy and should give pause for thought to those who suggest there is (and should be) a diminishing role for nation states in university funding.

Research undertaken by Ferlie et al (1996: 3) suggests that the reduction in investment in public services is largely a myth. Nation states continue to finance and deliver core goods and services, including higher education. Of the countries of the OECD, only in Australia has there been a declining investment in higher education (OECD, 2005).
Elsewhere, when private educational expenditure has increased this has not generally been accompanied by cuts in public expenditure on tertiary education. ‘In fact, many OECD countries with the highest growth in private spending have also shown the highest increase in public funding’ (ibid: 193).

Public funding continues to play a dominant role in research worldwide. Indeed there is little evidence to suggest that non-government sources of funding are being made available for basic research as distinct from applied research. A former President of Harvard University, Derek Bok (2003), has cautioned against the influence of the private economy on the university in the American context, arguing that ‘[m]ost commercially profitable research is trivial from a scientific point of view’ (ibid: 111).

In Australia, Simon Marginson (2006: 21-2) has drawn our attention to the real significance of government funding within the university sector. He argues that,
‘Among the nations doing best in research outputs, the private sector plays a minor role. Publicly funded universities dominate. … If basic research was market produced there would be market failure.’

Re-profiling the university towards a more market oriented approach may lead to quite adverse effects. Marginson (2006: 22) writes that,

‘Whereas the old public money fed into research capacity, and teaching, much of the new private funding is syphoned into organisational maintenance and revenue flows. In other words, in the current incentive structure, universities are spending [more] of their revenues on keeping themselves afloat, and less on producing products for business, industry, government, the community and students. The incentive structure has forced them to neglect their core business.’

Fred Hilmer (2007: 9), Vice Chancellor of the University of New South Wales, recently wrote that over the next 15 years
the strong position of Australian universities is ‘running the risk of a slide into mediocrity with an under funded and overregulated higher education system’. Yet Hilmer’s view may be both idealistic and limiting. Idealistic because there is little evidence that governments are going to fundamentally change their higher education strategies, despite the euphoria over the recent budget announcements (a euphoria that is noticeably declining as the sector takes a reality check); limiting, because there are significant changes in the market place that universities can take advantage of. On the other hand, the need for an expanded higher education system has largely been an uncriticised axiom of the globalised ‘knowledge industry’. Universities, in their ‘entrepreneurial’ pursuance of revenue have shown little enthusiasm for critical reflection upon the economic logic of a greatly expanded higher education system.

Although higher education institutions across the world have rarely been free from the influence of governments, the latter have increasingly shown interest in the measurement of institutional performance and the creation of new relations of accountability for universities towards external
stakeholders. Ron Barnett’s (1990: 25) diagnosis of neo-liberal reaction to the 1960s expansion of higher education in the UK was that the government ‘came to have doubts about the economic value of higher education and, in the wake of its radical movement, its wider social value.’ This description strongly resonates with our experience in Australia. Accountability regimes have come to exert a profound influence on the shape and character of higher education.

**The Entrepreneurial University**

Government and employer driven demands for growth in the sector, which have not been matched by the funding to properly sustain the expansion, have made the idea of ‘entrepreneurial’ universities a fashionable one. One implication of this view is that universities can no longer simply be administered: they have to be managed, even strategically managed. Michael Shattock, a former registrar at Warwick University in the UK and a well known writer on universities and their governance, has argued that from a comparison of the 15 top UK universities ‘seven can genuinely be identified as successful and more successful in
their core business than other UK universities in absolute terms’. The characteristics of successful universities are diverse, which perhaps attests to the importance of context and having the flexibility to engage dynamically and creatively within that context. Flexibility should be reflected in a strategic planning process that is both responsive to changing circumstances and constitutive of its own context. This is not possible within an organisational culture that is highly bureaucratised or hierarchical. Thus, if we look at universities that have ‘lost out’ we find, according to Shattock,

‘ossified departmental structures, a failure to recognise the dynamics of a changed environment, hierarchical and conservative decision-making processes and an unwillingness to compete’ (Shattock, 2003: 41).

Strategy and management are culturally aligned in successful universities. In other words, the flexibility of strategy is translated into a flexible and integrated management system
Burton Clark (2004), however, has suggested that the difference between traditional and entrepreneurial universities is not clear-cut. Thus,

‘Entrepreneurial universities that centre themselves on academic virtues can be highly effective on traditional grounds’ (Clark, 2004: 23)

The case studies discussed in his book ‘Sustaining Change in Universities’ illustrate a diverse range of activities and foci. Perhaps what these universities have most in common is a willingness to embrace change at a cultural level and integrate not only the changes but the process of change within their organisational culture. They do not embody a single approach to institutional management. However, one can discern two key features from Clarke’s analysis. First, that successful universities set themselves strongly against fragmentary tendencies by building what he calls ‘encompassing interests’ (ibid: 37). These are interests that bind the different parts of the institution together. Second, that they actively pursue balance across ‘contrary forces and tendencies’ (ibid: 48). Tensions are inherent in modern
universities. They arise because of the need to exercise initiative at multiple levels. In promoting effective management the objective becomes one of releasing this initiative in ways that strengthen the institution rather than fragmenting it. In other words, managerial effectiveness is dependent upon empowerment across the organisation around common goals, values and aspirations. It is not dependent upon an ideal management structure, nor is it about having an ideal strategy. The basic error which many universities have made is to believe that structures are superordinate to cultures. But no structure can be effective unless the culture also “works”.

A similar point can be made if we look at the relationship between strategy and operational efficiency. Improving operational effectiveness is a necessary part of management, but it is not strategy. Strategy is concerned with defining a unique position whereas the operational agenda ‘is the proper place for constant change, flexibility, and relentless efforts to achieve best practice. Mike Shattock (2003: 33) develops a similar view of strategy when he argues that strategy is not a blueprint but rather comprises
'the settled conclusions of an institution that knows where it is going but that is willing to give itself the latitude to adopt various different routes to meet its objectives depending on the options that present themselves on a year to year basis.'

Yet many institutions in our marketized society do not know where they are going and perhaps for that very reason confuse strategy with operational efficiency. The latter is a necessary response to the university’s position of potential ‘risk’ in the market-place and the need to be constantly assessing those risks. Having the operational capacity to respond creatively, innovatively and quickly to market opportunities is good business. ‘Settled conclusions’, by contrast, may be hard to identify and sustain as universities are colonised and transformed by the demands of a market-place eager to turn use-value into exchange value.

What is generally absent from the analysis of the entrepreneurial university is a political economy of higher education. Ron Barnett (2000: 4) has argued that the
entrepreneurial university represents an ‘abdication of responsibility’ in that it annexes the university ‘to the dominant interests of the day’. Thus, the criteria for assessing higher education reflect ‘the dominant interests of work and capital’ (Barnett, 1990: 70). Despite the rise of an entrepreneurial culture, or perhaps because of it, the space available for institutions of higher education to determine their own agenda has narrowed over the past 30 years and is continuing to narrow. Barnett presents a sobering picture of the entrepreneurial university. He maintains that ‘[t]hrough being entrepreneurial, … the university is surrendering its integrity. Literally so: the entrepreneurial university is becoming a university without integrity’ (Barnett, 2003: 71). He sees entrepreneurialism as ‘a pernicious ideology in that it distorts the conversations of the university’ (ibid: 73), impacting deeply on the reconstruction of its purpose and nullifying ‘the universality of the university’ such that through the ideology of ‘marketization’ ‘the university could lose its potential as a vehicle for collective social learning’ and assisting public debate from a disinterested viewpoint’ (ibid).
Is Barnett’s pessimistic analysis justified? There are clear signs of tensions pervading universities as they attempt to grapple with the changed circumstances within which they operate. Different parts of the university community, inevitably, respond with a different sense of tradition, as well as thinking, about the university’s role. Humanities departments are not the same as medical schools. However, in the social sciences collaborations between universities and government departments in the evaluation of social policy have also thrown up ‘unholy alliances’ and conflicts of interest as policy-makers ‘buy’ into perspectives in the market-place of research that suit their purposes. Yet, it might be argued that universities are by their nature dynamic communities of inquiry and debate. Barnett may be oversimplifying the argument a little too much.

Etzkowitz and Leydesdorff (2001b: 1) have argued that in the university context

‘[c]hanneling knowledge flows into new sources of technological innovation has become an academic task, changing the structure and function of the university’,
and directing this more explicitly towards ‘wealth creation’.

To be successful in this new environment, they argue, universities must be integrated into a ‘triple helix’ comprising university, industry and government. The development of the network society, it is argued, has brought about a reconfiguration of the purpose of universities which emphasises their input to economic and social development. Such networks extend beyond industry to include the public policy arms of government and as such incorporate academics across the different disciplines of the university.

‘As scientific knowledge is appropriated to generate income, science is itself transformed from a cultural process that consumes the surplus of a society into a productive force that generates new income out of an aspect of culture’ (ibid: 143).

This spread of individual economic interests into the public sphere allows the emergence of an ‘entrepreneurial
university’ as a ‘multipurpose theoretical and practical research and development agency for its society’ (ibid: 152).

Ulrich Beck (2000: 79) has argued that the social and economic processes of globalisation have entered into a radically new phase, a ‘second age of modernity’. Whereas the first phase of globalisation was largely concerned with interaction and interconnection between different states, societies and cultures, Beck argues that there are an increasing number of social processes that are indifferent to national boundaries. ‘Within the paradigm of the second modernity … globalization not only alters the interconnectedness of nation-states and national societies but the internal quality of the social’ (ibid: 87, my italics). Globalisation creates a networked society of social activities and linkages that cut across both nations and traditional institutions. This might suggest the possibility of a reconceptualisation of the university as a network, not in the rather simplistic and economic rationalist terms of Etzkowitz and Leydesdorff (2001) who see the function of the university as essentially concerned with wealth creation, but in a potentially more complex and flexible arrangement of
networks that link the university and the members of its community internally and externally. Interdisciplinary networks involving non-academic partners from different communities are flourishing in, and across, universities all over the world. Even where networks do contribute to wealth creation they can rarely be characterised simply in terms of production for the market. Universities operate in a context of ‘democratised’ knowledge, in which there are multiple networks of knowledge production, consumption and critique cutting across, including, and by-passing traditional institutions and particular social interests at different moments.

Castells (2000: 21-22) highlights the importance of

‘networks built around alternative projects, which compete, from network to network, to build bridges of communication to other networks in society in opposition to the codes of the currently dominant networks’.
At an institutional level universities have limited flexibility to directly create networks (although there are significant exceptions to this). They can, however, create the strategic and operational conditions which will support the growth of network communities. Support for and engagement in networks may indeed be the essential characteristic of an entrepreneurial university. Yet networking relations within the knowledge society have the potential to move across different domains of social life and are not tied to wealth creation and the exploitation of entrepreneurial opportunities. It is in this inter-connectivity of different value perspectives in the formation and ‘working through’ of networks that we see some indications of the democratising nature of a network society and a network university.

The democratising feature of a network university however should be understood in terms of a broader moral positioning of intellectual life. Who dominates the construction of knowledge (through funding, policy, management of research outcomes, etc)? Who participates in knowledge networks and on what basis? Who benefits from
the production of knowledge? These remain fundamental questions for the university community in the conceptualisation of a ‘networked’ or ‘entrepreneurial’ university as they always have been for universities. Yet the fluidity of networks frees up new opportunities for the deconstruction of power as part of the networking process.

University strategy and organisation become critical factors. Each of the features of an entrepreneurial university that Burton Clark (2004) outlines can be reconstructed in terms of a democratised culture as well as, or perhaps instead of, a representation in terms of the conditions of organisational efficiency. In practice these are and will continue to be contested features of a university’s identity. It is in the culture of differences and their integration that its democratic features lie. The democratic culture of academic life and its flexibility and networked interaction stands in opposition to a hierarchical, managerialist culture. The tensions between democratised leadership and managerialism are at the heart of the reconstruction of universities in the network society.
Culture is critical to an understanding of these processes, not strategy in the narrow sense of blueprints. Moreover, operational efficiency, important as this is to the continuing improvement of the university as an organisation, also has to be embedded in the heritage and cultural processes of the institution. Burton Clark (2004: 90) argues that ideas

‘happen when they acquire a social base of believers; they happen when structures and procedures are put in place that turn them into practical expressions. All this takes place over time, over years and even decades of cooperative development; it nearly always takes place in staggered increments worked out in adaptive interaction, rather than in initial grand plans or stated ends’.

The difficult judgement is always about when decisive action is needed and when the pace needs to move more gradually, absorbing change into the rich culture of an institution which has stood the test of time. This suggests that strategy is not a linear process and that success is not simply to be judged by performance indicators. An entrepreneurial culture is about seizing opportunities when
their time has come. It is the antipathy of being governed by managerialism, imposed externally and embedded in values that are alien to the values of academic life, debatable as the latter obviously are. Crucial to the process of change are people; people who buy into the wider vision of the institution, people who can feel the ownership that allows them to take that vision and mould it in their own ways but as part of an integrated sense of purpose and commitment within an institution that is not afraid to take risks.

**Universities and the Networked Society: Democratisation and Management**

Universities today do operate in a highly instrumental context. The role of the state may be changing but it remains a major source of funding and regulation for universities. The pursuit of knowledge and education for a humane citizenry are no longer seen by governments to be sufficient justification for the investment of public money in higher education. The language of performance, outcomes and utility has become a central discourse of higher education. In this context university managers have in many cases strengthened the autonomy of their institutions by
diversifying their income sources, introducing efficiencies, improving management practices and taking up the challenge of the ‘entrepreneurial university’. I have argued that in developing the idea of the entrepreneurial university there is also a need to reconnect the processes of university management with the ethics of the university as a social institution of innovation, criticism, challenge and change. This ethic stands in tension with the modern university but is by no means in conflict with it. Indeed, the second stage of globalisation that Beck (2000) and others have begun to theorise, positions the university in ways that open up possibilities for a new democratisation of cultural life based upon the networks of the knowledge society. In this lecture I have argued that these formations not only create a new understanding of what a university is and how its members interrelate with the wider society but that there are specific management implications that follow from this. This has been discussed in terms of the idea of ‘networked management’ which conceptualises the operational management of the university in terms similar to those of academic networks. This I have argued is both integrative at an institutional level and democratic at a cultural level. Of
course, my argument presents an ideal type, and in the real-world circumstances of university life there are many tensions between academic purpose and academic management, as well as between different ways of understanding the nature and role of management itself. However, my argument is about the possibilities for constructing a democratised form of leadership and management within the university context that is embedded in new cultural and social relationships arising in late modernity and this involves real-life struggles for the heart of the university as well as for the efficiency of its operations. The one may serve the other very well in the network society.

Strategy is not the same as operational management. It is, I have argued, a combination of long-term institutional vision grounded in a shared value system together with a culture of pragmatic flexibility. A stance for something important; but also a predisposition against dogmatism. To be successful requires a culture of optimism, intellectual curiosity and ambition, and support for diversity within a framework of institutional coherence. The tension between
its different elements and how this is managed within and by the university community (not just by the managers of the community) is perhaps the basis of success, precisely because the tension between the individual and the community of scholars is the basis of academic life. The changed context of universities, however, presents opportunities for a cultural reconfiguration (or, indeed, restatement) of values, purpose and role in relation to the broader society through which their contribution to social life and democratic governance can be reasserted.

In concluding this lecture I want to return to my acknowledgement of the traditional keepers of this university land. I listened to Noel Pearson earlier this week on Australian Story arguing against the lip-service so often paid to Aboriginal custodianship and his insistence that Aboriginal people have a central role to play in the economic development of the land within the framework of their custodianship, and that Aboriginal people are not anthropological relics to be patronised by white fellas. I reflected on what this speaks to in thinking about the
university and the relationship between democracy and
entrepreneurialism.

I believe that we should reject the idea that the university
should move into a new phase defined by managerialism
and the privatisation of knowledge as a market commodity.
But the university is also inseparable from the society in
which it is located. It should not be left to ossify in
irrelevance. A university should provide vision and
leadership in respect of possibilities for the future, it should
challenge orthodoxies and bigotry, and it should also
contribute to social and economic development within the
framework of its traditions. The university, in its original
meaning, speaks to the whole of life; it speaks to the
universality of reason and common engagement in the
activity of knowing. These traditions are not mere
anthropological relics. They are real but in each era we
collectively, humanly and contestedly recreate these
traditions for our own times through our custodianship.

The university as a community, if it is to survive and to
thrive must be dynamic, innovative and creative. The
opportunities we have as members of this community are interwoven with our responsibilities for our future as a human community of knowledge and practice. It is a community that must imagine possibilities whilst safeguarding rights to speak, respect for speaking positions and the careful assessment of claims to truth.