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Towards Understanding University Governance within Australia

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ABSTRACT

The shift towards a corporate model for universities and the role of technology has shifted the power structures and operations within universities. In this paper, we examine the university governance changes and structures and how these have shifted the internal focus of those institutions. Historical arguments that the use of technology would reduce the administrative workload, yet this is not the realized case. To explain this failure, it is critical that the current modes of governance be examined, and this will then form the basis for further studies into the role of internal stakeholders in failing to control the growth in the bureaucratic society that dominates modern universities. We argue that there is a failure in governance as agents and stakeholders have no intrinsic control and oversight, and all decisions are made based on spreadsheets and public perceptions rather than in the best interest of the organization.

Keywords: university board, bureaucracy, for profit, for good, government, hierarchy, network, education.

INTRODUCTION

Governance systems within universities have been at a critical point of failure since reforms that sought to statutory regulate boards and the commercialization of institutions (Akroyd & Akroyd, 1999), a process that has led to over-bureaucratization. If your local School had four teachers and 15 office staff you would call for institutional reform or its closure. Similarly, how can there be tolerance for a university with 400 teachers and 1500 administrators? The answer is to be found in the lack of transparency, such that a culture of nobody fundamentally knows what anybody actually does, be that the council, the academy, or even the bureaucrats themselves. What is often referred to as the march of the left through the institution is, in reality, a deflection from the underlying causal factor of the decline that allowed that march to occur: the rise of the bureaucratic institution and deliberately designed governing boards focused on "for profit" and not "for good". However, changes within intuitions have a political dimension, and this is especially the case with the university sector in Australia. All university powers are legislatively handed to the institution's governing body, usually referred to as the University Council (Alt. Senate), which has absolute responsibility for oversight, strategic planning and financial accountabilities (Pelizzon et al., 2022).

One of the problems of university governing bodies is the lack of skill in relation to the primary and statutory goals of the University; instead, there has been a focus on appointing individuals who have commercial experience or social kudos (Pelizzon et al., 2022). This creates a dichotomy where the function and goals of the institution are replaced with executive decisions based on cost accounting rather than the impacts these academic decisions may have on the long-term academic standing and reputation of the institution. Arguably, the decline in many institutions in terms of traditions, international standing and student and staff experience is an actual reflection of this disconnect (Pelizzon et al., 2022). Furthermore, Australian universities have undergone significant reforms over the last half-century, all of which reflect a fundamental shift and realignment of the place of the University in society as market citizens (Jayasuriya, 2013). This involves universities committing to social needs that include promoting political projects, such as social mobility, which are unrelated to the universities' core mission of education and research (Jayasuriya, 2013). However, university governing bodies fail to understand that the desires and wishes of the bureaucratic systems are often used to again to the function and goals of the institution such that there is a "distinctly unrealistic view of the existing internal organization of universities" (Akroyd & Akroyd, 1999, p. 9).

In this paper, we broadly define governance and examine its dimensions and the role of governance in terms of the core mission of the University is reviewed. We then review how Australian Governments have mediated change in higher education boards from the start of the modernization in the 1960s. Revised hypnotized governance operational priority models for universities are presented premised on Harman and Treadgold (2007). Finally, we conceptualize the operational governance within universities.

LITERATURE REVIEW

Governance arose from the Depression era, where the great losses led to the call for reforms where there was to be a separation of ownership from the control structures within companies. Owners who had legal ownership over companies needed to have levels of oversight of organizational controlling managers (Berle & Means, 1932). This separation can be difficult to achieve,

and it is the core role of modern governance practice to regulate the self-organizing networks within an organization (Gjaltema et al., 2020). At its core, the function of governance is the central organizing framework of oversight that regulates the behaviour of an institution (Robichau, 2011).

While there are different modes of governance, within Australian Universities, there are fundamental principles of governance that are universal in application that are applied to those who sit on boards, and these can be summated:

1. *Act solely in the interests of the institution taken as a whole, having regard for its objects;*
2. *Act in good faith, honestly and for a proper purpose;*
3. *Exercise appropriate care and diligence;*
4. *Not improperly use their position to gain an advantage for themselves or someone else, and*
5. *Disclose and avoid conflicts of interest (Nelson, 2003, p. 46).*

However, governance in terms of application has many dimensions, and how boards are designed, and the policy framework and ethos under which they are applied vary significantly depending on the emphasis given to any governance dimension. In academic institutions, the governance systems have a dimension of power, and historically, the involvement of the Academy, students and alumni had the effect of constraining the upper management to make significant changes to course offerings and faculty structures. More recently, the shifts toward the corporatization of universities have seen a shift in how institutional actors engage. This shift has seen those in high-level administrative roles and external stakeholders claiming authority over subordinate actors and dominating the University's operational direction (Karp, 2020). Therefore, governance has an important role in how power relations within organizations are negotiated, and as such, defining what is meant by governance and who has that statutory responsibility has enormous operational implications for an institution.

Defining Governance

The modern conception of institutional governance arose in the 1980s, initially as a means of managing rampant bureaucracy and ensuring transparency over the era of public asset privatization (Ruhanen et al., 2010). More recently, governance can be categorized into three categories: the first is political sciences governance (Ruhanen et al., 2010; Barbazza & Tello, 2014); the second is corporate governance (Ruhanen et al., 2010); and the third is institutional governance (Barbazza & Tello, 2014). This divergence in the definition of governance makes the term usage multidimensional, and what is considered a concern for one organization may not rate at another, making governance institutionally unique. However, changes in the meaning of the dimensions of governance and interdisciplinary variation in values and ethics have led to a level of perplexity in understating what is and is not a matter for those charged with organizational governance (Ruhanen et al., 2010).

Political science governance is heavily weighted with themes of accountability, participation, authority, regulation and decentralization (Barbazza & Tello, 2014). This is reflected in the definition of governance from the European Commission (2003, p. 3) - "The rules, processes, and behaviour by which interests are articulated, resources are managed, and power is exercised in society" and the World Health Organisation (2007, p. 3): "Ensuring that strategic policy frameworks exist and are combined with effective oversight, coalition building, regulation, attention to system-design and accountability".

Corporate governance has traditionally focused on transparency, shareholder rights, leadership and innovation (Barbazza & Tello, 2014) and practised within a context guided by the underlying principles of shareholder theory, mirroring stakeholder theory in governance in a practical sense and agency theory. Both theories have a convergence in the desire of the organization to achieve defined organizational goals (Hemphill et al., 2021). However, the current trend in corporate governance is towards *stakeholder capitalism*, which has a significantly reduced focus away from core operations and profitability to the legal, ethical, economic, and political considerations that revolve around contemporary social issues. Fundamentally, the corporate concept of agency and stakeholder interests are usurped by community activist-driven directives. In particular, the necessity to define the boundaries of these legal, economic and political considerations within companies, return the public policy leadership role to government institutions and refocus on creating long-term sustained value (Hemphill et al., 2021).

Unlike governance in the corporate and political spheres, institutional governance is usually dictated by the whims of statutory authorities, which have become entrenched; this is the case with Australian universities (Pelizzon et al., 2022). Notwithstanding regulatory requirements, in effect, most institutions such as universities act with complete autonomy outside maintaining the required standards for accreditations where necessary for operations and meeting industry-academic standards; there is a great deal of scope for boards to deviate away from the institution's core governance responsibility and follow the corporate world into the malaise of allow *stakeholder capitalism* (Hemphill et al., 2021), only in a way which is more insidious because of the lack of external redress open to stakeholder in the corporate world. This unaccountable *stakeholder institutionalism* further empowered the bureaucracy to set and enforce intuitional operational boundaries, even if this means the destruction of organization capabilities (stakeholder interest) and redefining workplace ethos and cultural norms that may limit what was once considered acceptable, or even traditional, the institutional values (agent interest) such as free speech limitations. This will be discussed later in the modern Australian university context.

Governance Dimensions

What are considered the dimensions of governance are as divergent as the definitions surrounding the term (Ruhanen et al., 2010; Barbazza & Tello, 2014). However, there are three primary divisions with the dimensions, and these are generally shared

between studies, although the terms may vary (e.g. *Generating Information/Intelligence* (Barbazzza & Tello, 2014) = *Knowledge Management* (Ruhanen et al., 2010)). The first set of dimensions, the core principles, contain what is accepted as universal, and these underpin the organization's ethos, such as ethics and anti-corruption (Table 1). The second set of dimensions covers functions of governance; these include accountability, regulation, and strategic policy design (Table 1). The third set of governance dimensions relate to outcomes and include risk management, equity, and quality (Table 1). While the dimensions may cross over between different occupational cohorts, how each of these cohorts rates the importance of each dimension varies.

In order to effectively define what governance is, the terms for dimensions used in governance often have fundamental differences in meaning (Barbazzza & Tello, 2014). To overcome these vicissitudes in definition, those defining the dimensions of governance, an organization must do so in terms of the ideal state of governance that is particular to them in terms of formalizing their dimensions. Those working in the healthcare sector nominated core principles of control of corruption, ethics and integrity and the rule of law as key core principle dimensions for the health sector. In tourism, the rule of law was followed by quality by ethics and integrity, human rights and democracy (Ruhanen et al., 2010; Barbazzza & Tello, 2014). Interestingly, control of corruption was not seen as a priority within the tourism governance context, while both health and tourism governance studies reveal that conflict prevention and public good were not high governance considerations (Ruhanen et al., 2010; Barbazzza & Tello, 2014). However, these differences in governance reflect the growing effect of stakeholder capitalism, where governance priorities are amended to reflect the vagrancies of the current cultural zeitgeist.

While the boards do not rate *democracy* as an important issue, stakeholder capitalism means that while governance is explicit, it is implicit in all board decision-making processes. The common call for "Democratic Governance" is inherently designed to give the greatest representation to community advocates (Stenling et al., 2023). The problem with appointing these voices is the distraction and focus of board decisions away from the core business (Stenling et al., 2023). At the same time, the application of *Organizational Adequacy/System Design/Structure* in governance is often contextualized with the decentralization of the governance structures within the organization (Ruhanen et al., 2010; Hai and Ahn, 2022). Fundamentally, within the modern university context, there is a reflection of a global move to shift organizational governance down into the bureaucratic system (Hai & Ahn, 2022).

Decentralization invariably leads to the importance of the need for meaningful *Generating Information/Intelligence* (Ruhanen et al., 2010; Barbazzza & Tello, 2014). However, the decentralization of governance generates the need for bureaucratic oversights and reporting to the governing bodies that have abrogated those tasks, further generating information (Ruhanen et al., 2010; Barbazzza & Tello, 2014). It is this rise in information that may lead to unintentional "busyness", a consequence of which is the drowning of governing boards in paper, leading to a loss of control of the primary oversight functions of the integrity of academic staff appointments, student admission levels, teaching content and methods quality controls, standards control for courses under external obligatory quality standards, organizational priority setting, and funding allocation within amounts available (Hai & Ahn, 2022).

The rise of stakeholder capitalism has led to a shift away from the best interest of the organization as a priority in the decision-making processes, and this leaves financial and social risk protection, sustainability and quality as matters of least concern for modern boards (Ruhanen et al., 2010; Barbazzza & Tello, 2014). This approach has meant that for decades, university boards have relied on administrators to provide information on themselves to fulfill the boards' role as bureaucratic monitors (McCormick & Meiners, 1988; Hai & Ahn, 2022). However, institutional agents are made accountable for their bureaucratic decisions because of this information generation and reporting process and the lack of external accountability of the internal intuitional funding models (Hai & Ahn, 2022).

AUSTRALIAN UNIVERSITY GOVERNANCE AND SHIFTS IN FEDERAL GOVERNMENT POLICIES

Government reforms have significantly impacted the governance structures within the university sector. While early reforms targeted student access, later policy changes resulted in structural reforms that have changed and regulated the composition of boards, which affected the ethos of Australian university governing bodies. The governance of Australian universities can be compartmentalized into two divisions. First, there is the higher governance, with statutory obligations, which is the focus of this review (Pelizzon et al., 2022), and second, the internal processes and oversights interwoven into the bureaucracy.

The University Wars

The 1960s was a particular time in our history when disestablishmentarianism became much of the focus for students and academics across the Western world. There was considerable unrest on university campuses with protests and conflict (Vietnam War), the rise of the women's movement, and a culture of sexual exploration and deviance. The governance systems in universities during this period saw a marked shift in internal power structures in dealing with historically disruptive student misconduct in particular. It can be argued that it was the institutional reaction by the governing boards that allowed the necrocracy to ascend in terms of control of campus behaviour, which has had historical repercussions in how universities are operated in the modern era.

This disruption was met with an unsympathetic intolerance leading to open violence on campus as administrators using force sought to control the institution (Sherry, 1966). However, this created a break between the protection of free speech and

academic freedom *versus* the influences of partisan political groups, making the definition of what is appropriate behaviour on a campus a matter for bureaucratic decision-makers:

The regulation and control of the behavior of members of the university community through the exercise of administrative rulemaking authority is beset with unusual difficulties that seen inhere in the nature of the intuition (Sherry, 1966).

In terms of governance, the first principle must be that of illegal conduct, on or off the campus, a matter for the external legal authorities (Sherry, 1966). However, the concept of appropriate contact in the face of the disorder on campus was a matter of contention within the bureaucratic system; what is considered appropriate action can be addressed without recourse to the governing body (Sherry, 1966). Notwithstanding, Sherry (1966) provided three core principles of governance in terms of misconduct: 1) the exercise of discipline must not be arbitrary; 2) standards of due process must be transparent; 3) its scope is conventional institutional boundaries clearly defined. Furthermore, Sherry (1966) argued that there needed to be a clear distinction between the rules and regulations regarding the innate rights of the student (e.g. free speech) and those that are created to protect legitimate university interests (e.g. cheating). Those rights granted to students are a matter of university bureaucratic policy, and interdiction and rules are a reflection of a fount of house-level bureaucrats' concept as to the appropriate limits on forbearance and discretion, and this importantly defines limits of the innate rights of students based on an individual's belief system. This shift in selectivity has held through time and is an anathema to good governance practice.

University rules and regulations ... [must] not as restraints upon the expression unpalatable ideas but only as shields to be lifted against the acts who unfaithful to the traditions of scholarship, are destructive ideals of learning and the means by which they may be attained (Sherry, 1966, p. 39).

How the fallout from the wars resulted in a new dynamic in the interaction between the Academy, the councils and the bureaucracy has had a profound influence down the decades and the subsequent shift in governance responsibilities in terms of misconduct.

1970 Whitlam Reforms

By 1974, the Federal government had taken full responsibility for capital and recurrent funding of public universities (Mahony, 1991). However, this government's largess came with increased oversight and eventual loss of autonomy (Mahony, 1991). The historically independent *Australian Universities' Commissions* and additional commissions for the other tertiary education sectors were lost to the federally controlled *Commonwealth Tertiary Education Commission* (Mahony, 1991). However, the reforms that were to come were not unexpected, as governments sought to hold the University accountable in a novel way: how it meets the needs of the changing society:

While you are funded as you are, you can demand no blank official cheque which ignores other priorities and needs. You cannot dismiss the changing needs of society which you serve and which, in its turn, sustains and accepts you (Baume, 1983, p. 3).

What is surprising after these comments was that it was not the conservative Minister Baume that reformed the higher education sector that was left to the left.

1989 Dawkins Reforms

In 1988, the Federal Government issued a White Paper (Dawkins, 1988), which argued that universities and their governance models were not fit for purpose and that there needed to be fundamental structural changes to the functioning of universities. Vice-Chancellors were to be granted the title of Chief Executive Officer, and this reflected the shift to a "for profit" model, where they would be more entrepreneurial and business-like (Harman & Treadgold, 2007).

The *Higher Education (Amalgamation) Act (1989) Cth.* brought a level of legislative uniformity to the Australian higher education sector. This reform led to the creation of new universities and the amalgamation within the university sector colleges for advanced education, agricultural colleges, nursing schools, art schools and TAFE colleges, with the aim to create the framework for a greatly expanded tertiary sector which belonged to the *Unified National System* (Pelizzon et al., 2022).

The reforms also led to a further but more fundamental power shift in the funding structures of universities, with the Federal Government having a direct influence over universities in return for financial security, effectually dissolving the historical governance structures (*Commonwealth Tertiary Education Commission*) and limiting the size of governing boards, to a recommended 10-15 members, and reducing the academic and student representation on the council (Pelizzon et al., 2022). The Dawkins reforms introduced a new set of oversight and funding bodies with the creation of the *National Board of Employment, Education and Training* (NBEET) with the subsidiary councils with its *Higher Education Council* (HEC) and *Australian Research Council* (ARC), which were all accountable to Dawkins in his capacity as Federal Minister responsible for the *Department of Employment, Education and Training* (DEET) (Mahony, 1991).

1995 Hoare Report and the 2003 Nelson Reforms

The Hoare (1995) and Dearing (1997) Reports argued for a fundamental shift in how universities are governed based on a compact between universities, the government, industry and society. These reports supported implementing more of the

Dawkins (1988) reforms. In particular, the second round of reforms under Nelson (2003) sought to dislodge the collegial membership of the council, thereby removing much of the deliberation and moving governing bodies towards a more corporate executive leadership model (Musselin, 2005). These changes were driven by a lack of confidence in the existing self-governance models of universities at that time. Fundamentally, there was a belief that the university governing bodies lacked the necessary financial skills to operate as "for-profit" institutions (Baird, 2005).

Nelson (2003, p. 15) argued that universities were riddled with "Anachronistic governance arrangements, in which universities have up to 35 Council members and an average of 21, are not conducive to sound decision making". Consequently, the development and introduction of the *Higher Education Support Act (2003) Cth.*, and more significantly in terms of governance, the introduction of the *Commonwealth Grant Scheme*, which imposed *National Governance Protocols* (s33(1.a)) which affected the composition of university governing boards (Pelizzon et al., 2022, p. 21):

1. *Not more than 18 members;*
2. *Two members with demonstrated financial experience (senior private or public sector history);*
3. *One person with commercial expertise (senior private or public sector history); and*
4. *Majority of external independent members (Not a student nor staff- no qualification requirements).*

Notably, the *National Governance Protocols* used the power of the *Commonwealth Grant Scheme* as a blunt instrument to enforce university changes to their governance structures, notwithstanding the State legislation under which they operated (Nelson 2003). This threat to withdraw Federal funding effectively forced changes upon universities irrespective of the statutes under which the University is enabled. The Nelson reforms outline the primary responsibilities of the governing board (Nelson 2003; p. 46):

1. *Appointing the vice-chancellor as the chief executive officer of the institution and monitoring his / her performance;*
2. *Approving the mission and strategic direction of the institution, as well as the annual budget and business plan;*
3. *Responsibility for the sound management of the institution, including responsibility for approving significant commercial activities;*
4. *Defining policy and procedures consistent with legal requirements and community expectations;*
5. *Establishing and monitoring systems of control and accountability, including monitoring any controlled entities;*
6. *Reviewing and monitoring both the management of the institution and its performance as an institution; and*
7. *Managing risk across the institution, including commercial undertakings.*

These responsibilities highlight the shift towards 'for-profit', with a clear shift towards commercialization of the institution. Furthermore, the reforms empowered councils to self-appoint members:

The institution is to adopt systematic procedures for nominating prospective members of the governing body for appointment by the Governor in Council, the relevant Minister, or the council itself. This responsibility is to be delegated explicitly to a nominations committee of the council. The institution is to publicly nominate at least one preferred candidate for any current or imminent vacancy on the governing body to be appointed by the Governor in Council or relevant Minister (Nelson, 2003, p. 45).

Fundamentally, the result of these structural changes meant that the governance of universities was placed into the hands of individuals with no knowledge of higher education quality or ethos and who, once appointed, entrenched themselves using internal selection and nomination systems. Consequently, it can be argued that this meant that boards looked outwards at the public perception of the university operations for which they were seen to have responsibility, rather than the internal machinations of the institution, such that on issues of how the Academy was structured, which were all deferred to bureaucratic advice (Tomlinson, 2021). This deferral is not new, with a historical tendency for university governing boards to act as "rubber-stamping agencies" for the vice-chancellor's decisions (Ditzion, 1948). This advice is driven by quantitative metrics such that there is a drive for successful financial "best interest" performance outcomes, irrespective of the impacts on the universities' "particular interests" (Pelizzon et al., 2022).

2008 Rudd Reforms

The newly elected government of Rudd repealed the legitimization and protocols of the previous government, replacing them with the *Higher Education Support Amendment (removal of the Higher Education Workplace Relations Requirements and National governance Protocol requirements and Other Matters) Act (2008) Cth.* However, most disrepute this reform. Universities have not adjusted their structural composition regarding external membership (Pelizzon et al., 2022). Importantly for governance, the legislated requirement for independence of composition and processes of appoints to the university boards may lead to self-selection mechanisms (Schröder-Turk, 2021).

MODERN AUSTRALIAN UNIVERSITY GOVERNANCE

There are two facets to university governance in Australia: the control and exercise of power by university councils the second is the mode of operational governance the institution operates. These need to be considered independently as the council is seen as a stakeholder guardianship, and the operational governance is that of a professional agency.

Defining University Council Governance in Australia

Three principal models can be used to explain the types of governance within universities: traditional, stakeholder (trustee) and corporate (business) (Harman & Treadgold, 2007; Table 1). The composition of the modern Australian council often reflects the particular legislation that incorporates the University, and consequently, there has been a legislative shift in how boards are composed, such as those of Nelson (Pelizzon et al., 2022). Pelizzon et al. (2022) defined the role of the University Council to act concerning the statutory defined objectives and function and in the "best interests" of the University, where best interest is defined as the staff in all capacities, students and graduates. However, the Pelizzon et al. (2022) idea of the "best interests" of the University being its members and stakeholders is a historical anathema and is now the "particular interests" and recently the true "best interest" of the institution, from 1989, shifted to its financial position reflected in the sector moving away from the traditional model of governance to one that is corporate. Furthermore, there has been a rise in activism on boards as:

... members boards of governance see their roles as advocates for particular interests. ... while some members may feel responsibility ... they have an overriding responsibility to act in the best interests of the institution (DET, 1988, p. 102).

Table 1: The three forms of university governance within Australia and the different aspects of the operation of the institution (after Harman & Treadgold, 2007, p. 19-20).

Institutional Aspect	Governance Model		
	Traditional	Stakeholder	Corporate
Mission Statement	Student Education Research	Student Education Research Community Obligations	Sale of Education Sale of Research Sale of Services
Goals	Ambiguous Contested Inconsistent	Consistent Clear Long-Term Goals	Clearly Stated Non-contested
Organizational Structure	Collegial Hierarchical	Shared Collegial Hierarchical	Managerialist Culture Hierarchical
Size of Council	Medium/Large (15-35)	Medium (up to 22)	Small (7-13)
Council Membership	Insiders > Outsiders Compensated Set Term Range of Skills Range of Experience Staff/Student/Alumni	Outsiders = Insiders Compensated Set Term Diversity Range of Skills Range of Experience Staff/Student/Alumni	Outsiders > Insiders Compensated Skills Tied to Business Ignores Staff/Student Term Varied
Roles of Chancellor	Primarily Ceremonial Chairman of Board	Chairman of Board Joint Asset Manager Shared Leadership	Chairman of Board
Roles of Vice-Chancellor	Sits on Board Presents Decisions of Senate and Other Stakeholders	Sits on Board Joint Asset Manager Shared Leadership	Sits on Board Implements Board Decisions CEO Administration of Board Decisions
Council Organisation	Academic Board Nominated Positions Government Appointments Elected Academy Elected Student Elected Alumni	Independent Committee for Selection Choice of Stakeholder Representation	Nominated by Council Finance and Audit Committee Essential
Government Relationship	Funding Provider Oversight and Control of Boards Macroeconomic Policies Guide Decisions	Works within Policy Guidelines Research Funder	Substantial Autonomy Board Decisions Free of Government Guidelines Conditional Funding
Success Measure	Quality of Student Outcomes Research Output	Quality of Student Outcomes Research Output Community Engagement	Financial Performance Student Numbers Research Output

There is an underlying conflict as board members seek to mediate their "particular interest" with the "best interests" of the University. This can be encapsulated graphically with the board's idea of "best interests" under each governance model (Figure 1). How can there be structural changes in governance within intuitions where there is no external or internal accountability? Furthermore, the idea of self-preservation may explain the reluctance of board members to remove themselves to mediate meaningful change and a more academically balanced university council, hanging on even in the face of demonstrable failures in governance and operational standards. In comparison, the vicissitudes of governance at the highest levels of the University have profound effects on the strategic operations. It is within the halls of the University, away from the hallowed halls of the Chancellery, where institutional governance becomes opaque. For in these halls belongs the world of university bureaucracy, and it was Weber who warned of the dangers of the bureaucratic monster.

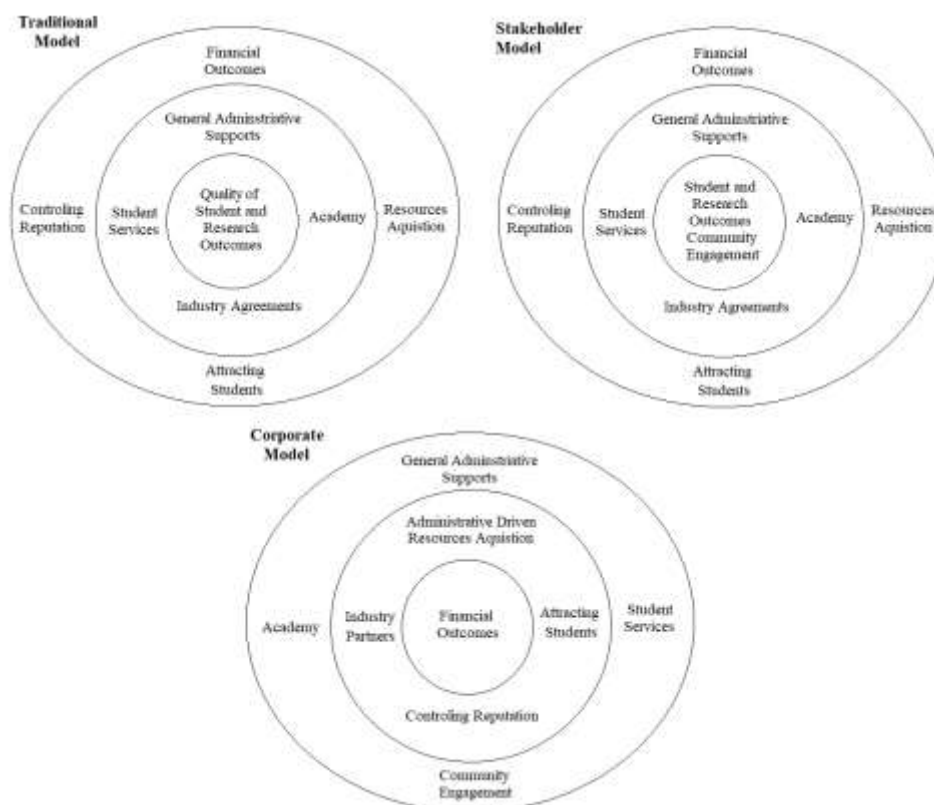


Figure 1: The importance of competing "best interests" of a university board under differing models of council governance (After Harman & Treadgold, 2007).

Defining Operational Governance in Australia

University operational governance differs from board governance in that the objectives and the power structures are internal and deal with the functioning within the organization and the interplay of its actors. Purdy (2012) argued that there were two aspects to internal governance and how they are related to the organizational power structure. The first is the sources of power, which encapsulates the authoritative structures, resources, and the level of discursive legitimacy of those within the system (Figure 2). The second is the power arenas, the participants who are making the decisions, the processes and design framework under which they act, and the content that is subjected to oversight (Figure 2). While the sources of power often have defined and clear governance pathways, the power arenas and the functioning systems are opaque and lack clear lines of demarcation of responsibility. Three systems of governance seek to operate and mediate oversight between and within the organizational power structures: networks, hierarchy, and markets.

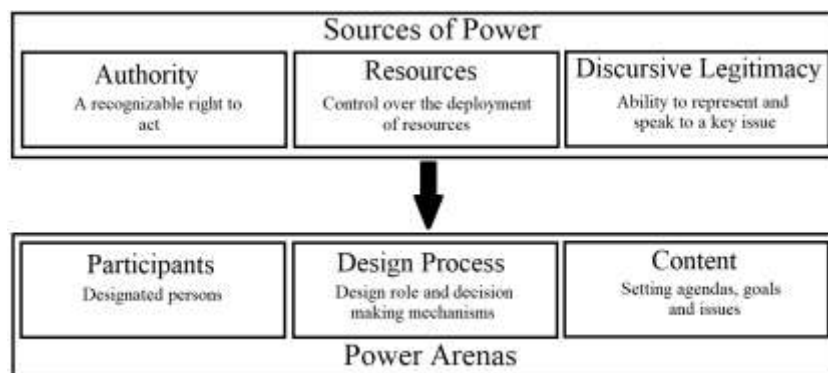


Figure 2: The general operational segments in governance processes (after Purdy, 2012)

Governance networks, in the broad sense, is the collection of diverse actors who create innovation, reciprocity, trust, and self-organization to ensure policy implementation and adherence to procedure (Robichau, 2011; Maron & Benish, 2022). How the oversight process that is in place to ensure that the roles of governance are being achieved has required external oversight, which then threatens the internal processes that the network has created (Maron & Benish, 2022). However, the nebulous nature of networks often leads to accountability failure, and demonstrating who was responsible for the failure in governance can, therefore, be problematic and fraught with internal conflict (Robichau, 2011). In order to mitigate this potential governance failure, the concept of institutional 'meta-governance' was developed to provide higher level oversight, and this may take three forms (Maron & Benish, 2022): 1) Participant-Governed Networks, these have an internal and participatory framework with limited external oversight; 2) Lead Organisation-Governed Networks, with a centralized governance system that is internally directed and this system has limited external oversight; and 3) Network Administrative Organisations, these have a centralized and external systems of oversight. However, only the Network Administrative Organisations have the sole focus of managing governance systems through third-party oversight; both Participant-Governed Networks and Lead Organisation-Governed Networks involve the participants in the governance and management systems. However, these can lead to power tensions and conflict (Maron & Benish, 2022). How a governance network is positioned and operates within an organization is driven by those who have design control, and this in itself creates questions on who defines what policy implementation or organization service delivery oversights are needed, and this may differ from the oversight of day-to-day operations or strategic planning. The top-down governance model has been questioned regarding its ability to cope with societal and technological changes that organizations often undergo (Bogason & Musso, 2006; Klijn, 2008). Hierarchical governance has two primary facets (Lynn, 2011): it is the manifestation of the institutional authority to direct change and ensure that processes and practices conform with those that the higher powers deem necessary, and 2) it is the principles of accountability that the institution has expressed that are used to monitor networks. One of the major problems with the hierarchical model is the often-excessive layering of power that generates unresponsive and inefficiencies (Robichau, 2011), as well as creating a culture of buck-shifting of responsibility to those up and down the power structural chain. Internal governance systems that are driven by markets seek economy, efficiency and effectiveness through the collaboration of both internal and external actors. This method outsources responsibilities and activities such that flawed institutions can cover their incompetencies and failures through the use of external actors (Robichau, 2011).

DISCUSSION

Much has been made that Australian universities have been corporatized (Pelizzon et al., 2022). This corporatization has created a structural dichotomy: bureaucracies are anathema to the corporate sector. It is pure bureaucratic irrationalism to argue for business models to dictate institutional operations, course structures and offerings and, simultaneously, resolve to retain systems of governance that do not mirror the corporate ethos (Pelizzon et al., 2022). It is fuelling the desire for corporatism and competition within the university sector and the growth of a bureaucracy that has directly caused those institutions to have an inability to manage funds; this, coupled with a lack of transparency and accountability in the university sector, are the causal factors for structural decline (Pelizzon et al., 2022). The current operational model for universities is not sustainable, and as bureaucratic rule has become structurally all-pervasive throughout institutions, there will be consequential failings in governance standards as the opacity level of bureaucratic accountability increases to the point of being dictatorial (Fleming, 2021; Vodeb et al., 2022).

... the more he enquired about the financial and staffing circumstances under which the School as now operating, the more hostile his working environment became (Tregear et al., 2022, p. 47).

The bureaucracy and the Academy also differ in knowledge acquisition goals; historically, the Academy produced knowledge and was rewarded through recognition, but this has shifted, driven by the commodification of knowledge (Vodeb et al., 2022). Modern universities seek to judge the academy knowledge production not so much on its production of individual academic recognition but rather as an output from which competitive decisions are based (Vodeb et al., 2022). Compassion and stratifications of knowledge are numerically classified, and rankings are derived. Furthermore, these metrics affect promotion and awards that are used to elevate status within institutions. This generates pseudo-academics who are more akin to professional representatives whose task is to profligate the importance of ties between the University and industry, and this reinforces the corporatization of the institution and relegates the Academy to an institutional knowledge factory (Vodeb et al.,

2022). The problem is that these pseudo-academics have become the instrument of bureaucratic control. The work of the Academy is recontextualized from good work and excellence to economic efficiency and value for money (Fleming, 2021). A consequence of this is the loss of rigor in the Academy, with the idea of any criticism within the college personalized and those challenging academics deemed untrustworthy to be weeded out (Tregear et al., 2022).

Universities are supposed to be bastions of free speech and forthright opinions, yet our research has shown that confidentiality clauses may have been used not only to avoid dirty laundry being aired in public but now are just common practice in higher education ... the cold wind of gagging staff and stifled debate, much in the public interest, is going through the halls of our bastions of enlightenment and tolerance (Mason in Tregear et al., 2022, p. 49).

A recent integrity study into the operations of South Australian Universities found that academic staff within the institution described the culture as one of monetization and corporatization (Baum et al., 2022). Those academics who work in higher education in Australian Universities often describe the campus atmosphere as toxic (Smyth, 2017; Baum et al., 2022). This toxicity is not new, with dissatisfaction with the University at the changes instituted by Dawkins in the late 1980s, which led to nationwide standardization of instrumental performance standards and the subsequent shifting of collegial control away from the Academy to bureaucrats that dictate workloads and the level of autonomy that academics have (Tregear et al., 2021). Importantly, the shift to private sector corporations from the traditional role of an institution of public good has refocused the attention away from a drive and culture of excellence to one of competitive pressure and mediocrity (Baum et al., 2022).

Universities sing the song of meritocracy but dance to a different tune. In reality, they will do everything to reward and protect their most destructive, abusive and uncooperative faculty (Dumitrescu in Tregear et al., 2022, p. 46).

The corporatization of Australian Universities is not a new conception, having the capacity and powers of a *sui generis* corporation and is exempt from the Corporations Act for the purposes of S57A and are required to be registered under the Charities Act for the purposes of advancing higher education (Pelizzon et al., 2022). However, the idea of the University functioning as a corporate entity is in contrast to the most recent University of Sydney Act (1989) NSW refocused the goals and function of the institution on its educational and research functions, declaring explicitly as auxiliary: service to the community, generation of revenue and commercial functions (Pelizzon et al., 2022). It is worth reminding vice-chancellors that the Academy is under an existential threat from the perceived primary role of *Chief Executive Officer*, with the title *President of the Academy* arguably seen as more ceremonial than functional (Pelizzon et al., 2022). In particular, the corporatization of universities has five aspects (Cary and Watt 1999):

1. Research has moved towards meeting industry demands;
2. Financial considerations drive decision-making;
3. The use of corporate cultural practices by the university bureaucracy;
4. The redesign of the curricula and degree structures to meet the needs of industry; and
5. The focus on partnerships between universities and industry rather than teaching and research.

Therefore, it is not surprising, given the dominance of business and activists on university board composition and the governmental policy move towards university corporatization, that institutional governance priorities mirror those governing corporate governance. This results in a focus away from the core business of the University, which is the Academy that can be explained is driven by assurgency stakeholder capitalism. The Academy has been reduced to service providers to industry via students, with their role in governance reduced to obsolescence, and they are no longer the core focus of the institution. All of this results in the commodification of the Academy and the loss of those disciplines, such as classics, which are never cost-neutral, to be dissolved.

Whether you dwell in the abstract or the ideal, there is but one essential feature if the institution: "the faculty is the college" (Barrett, 1963, p. 170).

The modern Australian University exhibits the worst kind of management style, that of managerialism, or the implementation of market-based realities on the Academy, while at the same time normalizing the bureaucracy's public sector approach to administration (Vodeb et al., 2022). This gives rise to a culture where spreadsheets dictate the evaluation process of academics, and consequently, universities become institutions governed by spreadsheets (Vodeb et al., 2022).

Governance is intrinsically the control and oversight of agents by stakeholders, but boards of governors as principals should have a strictly hands-off approach to operations. However, within universities, this is not the case. One example is the self-determination of remuneration by agents, which is structured to reward themselves and promote their interests over that of the University (Boden & Rowlands, 2022). This, in part, creates a bureaucracy whose actors are intrinsically rent seekers with unjustifiable remuneration at a level that would be necessitated to retain and compensate staff to fulfill the roles with competence (Boden & Rowlands, 2022). Boden and Rowlands (2022) called for a renewal of governance, but who appoints the governors, ah there is the rub. There needs to be a fundamental shift in the meta-governance practices away from "who" towards a structural force that shapes actors' behaviour rather than allowing the perpetuation of the normative state (Gjaltema et al., 2020). For governance's sake, the Academy be separated from the professionals.

CONCLUSION

Australian universities are struggling under the weight of a corporate model for educational delivery, while at the same time seeking to maintain the bureaucratic systems that are not held to the same performance standards. The shift to a corporate model and the use of governing boards to virtue signal rather than focus on the internal operations of the institution, which is led by the bureaucratic systems that simply file reports and this has resulted in a vacuum in the operational governance of the institutions. At best, internal governance is to be considered a network of power structures each with a common theme of self-preservation even if that comes at a cost to the organization. Until there is a root and branch reform of the operational structure of the universities, and especially the appointment of an individual with direct responsibility for organizational governance, and the powers to act when failures are found, there is little hope of real change to the status quo.

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