Structural Responses to Globalisation: 
A University of Newcastle Case Study

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Abstract

The University of Newcastle is the most comprehensive university located outside an Australian capital city with approximately 19,000 students and a ranking of ninth out of thirty-six universities in terms of Research Quantum earnings. In July 2000 a Review of the University's Organisational Structures and Administrative Arrangements was announced by the Vice Chancellor to "Consider the appropriateness of the organisational, structural and administrative arrangements with respect to their capacity to facilitate the implementation of the Institutional Strategic Plan" and recommend a suitable model

The Review report supported a devolved and unitary style of management for the University as a necessary condition of overcoming Faculty reluctance to own issues and adopt a more University-wide perspective. Organisational units were to be flexible and permeable as a means of overcoming disciplinary and administrative silos with change underpinned by performance based budgeting. This paper will discuss the University's attempt to position itself for the future through structural change and explore the tension between the loosely coupled nature of knowledge organisations and the shift towards corporate management practices. It will ask whether the increasingly hierarchical and centralised structures being promulgated in Australian universities in response to a turbulent environment buffeted by global forces can achieve their stated objectives.
Introduction

The rhetoric of globalisation as a non-negotiable economic constraint and organisational imperative has come to dominate debate in Western countries about the future of higher education and the way universities should position themselves strategically. Regardless of the truth of the globalisation thesis in terms of a truly global economy, the dominance of world markets and limits to national government, the important point is that policymakers believe it to be true or politically useful to their purposes. The dominance of the neoliberal paradigm for economic restructuring within the context of a global economy has led to a renewed emphasis on the economic importance of education with both the OECD and the World Bank stressing the role of education and training in the development of human resources, reskilling of workers and production of knowledge as keys to participation in the new global economy. Peter Drucker (1993) and Michael Porter (1990) drew attention to the role of knowledge as the basis for a nation’s competitive stance in the international marketplace. Hence the centrality of *Knowledge Nation* (2001) to Labor’s hopes for electoral success. Vice Chancellors have been very adept at hitching their stars to the rhetoric of globalisation and the knowledge economy despite the fears of those who see universities suffering an external legitimation crisis in the extended twilight of their critical and social function.

The practical consequence has been the repositioning of Australian higher education as an export industry in the context of diminished government funding, a rapid shift to a mass higher education system with a large and diverse student body and pressures to generate income in a competitive higher education marketplace experiencing the impact of globalisation and technological change. While domestic student numbers grew by only 7.5% 1995-2000, the on-shore international student population more than doubled and fee-paying overseas student income represented 8.3% of total income by 1998 (DETYA, 2001). DETYA’s Michael Gallagher (2001) forecast that “some traditional vertically-integrated, locally-focused universities will find it increasingly difficult to compete in the new global era” and that “universities with limited capacity to invest in new educational technologies, and with cultural, governance and industrial restrictions on their operating flexibilities, will find the future ever more difficult.”

These trends in Australian higher education can be seen as reflecting global developments in the public sector of developed countries that Rudolf Klein (1996, p.241) has characterised in terms of the introduction of mimic or quasi-markets to form a peculiar hybrid: “The idea of competition has been grafted onto hierarchical organizational structures. Instability is the inevitable by-product of the tensions between achieving national policy aims and leaving outcomes to be decided by competitive markets.” Public pressures for accountability means greater central government intervention to manage the markets and constant organizational learning to adapt to new conditions in an era of economic uncertainty, technological change and increasing scepticism about the legitimacy of expertise in determining the agenda for the delivery of public services. Klein argues that the 1970’s marked the end of an era of economic optimism in which it was assumed the expansion of public services could be painlessly financed out of the dividends of the Growth State. The dominant concern across OECD countries was how to curb growth and increase efficiency with
a consequent focus on managerial techniques to strengthen controls over expenditure and measure outcomes.

Hence the emergence of the New Public Management and the New Right analysis of institutional behaviour as driven by the interests of providers and bureaucrats rather than the consumers of public services. There has been a move away from “rules-based, process-driven” controls over bureaucracy with the new generic public managers given direct responsibility for reaching specified goals, in exchange for commensurate career risk and reward, plus compliance with monitoring and evaluation of the results achieved. In practice, there has been difficulty in differentiating the division of accountability between politicians and managers; public sector work may not lend itself to quantification with clearly observable outputs attributable to specific workers and units; and results-oriented evaluation has been hard to achieve (Hood, 2001. pp.302-307). Within the education sector the relationship between approaches to management and educational outcomes is contentious.

As early as 1993 (p.33) Clark Kerr had forecast the need for universities “to be dynamic and move fast in international competition. You have to develop entrepreneurial leadership to go along with institutional autonomy.” Burton Clark (1997, p.4) refined the formula with his case based definition of the entrepreneurial university as one that “on its own, actively seeks to work out a substantial shift in organizational character so as to arrive at a more promising posture for the future.” He saw the shift as involving an organisational transformation that “occurs when a number of individuals come together in university basic units and across a university over a number of years, to change, by means of organized initiative, how the institution is structured and oriented.” For Burton Clark the key to this change was a strengthened administrative core that steered the institution in new directions and collective action to “fashion new structures, processes and orientations whereby a university becomes biased towards adaptive change.” Management perspectives were carried to the academic heartland while academic values infiltrated the managerial space.

Michael Gallagher (11.5.2001) from DETYA has promoted the enterprise university as an alternative to Corporation, Collegium and Bureaucracy models of university culture and organisation. He defines its characteristics as follows:

- Strong strategic direction
- Devolved operational responsibilities
- Broad room for internal units to operate flexibly
- Emphasis on outcomes and business success

Some might think Gallagher’s enterprise university only a variant of the Corporation model with the main difference purported to be devolution and operational flexibility. Yet this is commonly seen as a characteristic of modern corporations in terms of the centre/strategic business unit relationship. Gallagher is actually differentiating the classic twentieth century corporation from the twenty-first century networked organisation which he sees as more relevant to the future of universities with its emphasis on strategic direction, flat structures, pared down core, outsourced service delivery and internal/external networking.
Clark Kerr, Burton Clark and Gallagher are attempting to address a characteristic of universities that Mintzberg (1979) had drawn attention to decades earlier: the “loosely coupled” nature of knowledge organisations in which the complex and largely autonomous nature of professional work facilitated by collegial management practices sits uneasily alongside the more hierarchical central administrative structures whose importance has been enhanced by government demands for accountability and the need to position the organisation strategically in a turbulent environment. Mintzberg argued that in such "organised anarchies" most issues have low salience for most people and decision making is fragmented and erratic.

As early as 1988, Bruce Williams observed that in Australian universities: “—the decline in resources per student load---legislation on equal rights and ombudsmen---the growing belief in the need to use performance indicators for public accountability, and the greater ease of data processing and storage which whets the appetite of the administrators, (had) all contributed to the growth of managerialism.” The process was accelerated by the Dawkins White Paper in that year which required a commitment from universities to overhaul their internal management structures before they would be accepted into the new “unified national system”. Bob Bessant (1995, p.60) saw the creation of an elite group of academic administrators and the reorganisation of university management structures in a corporate top down direction as mirroring public service reform within Australia and overseas. This Senior Executive Service (SES) has been described by Bessant (1995, p.60) as a small group of Deputy Vice Chancellors, Pro Vice Chancellors and Deans “set apart by salary, status and location from the rest of the university with the emphasis on the group showing a united front to the university on major policy matters.” Their perspective is influenced by regular briefings from DETYA and exchanges with counterparts in other universities on responses to DETYA directives.

The emergence of the Senior Executive Group has seen the power of Vice Chancellors increased dramatically at the expense of Chancellors, Councils, Academic Senates and Professorial Boards. It seems a long time ago that Peter Karmel (1991, p.332) argued: “—authority within the university is intellectual authority. This is necessarily dispersed among the senior academic staff — . It follows from this that a university cannot be run like a business enterprise with a chief executive in command, seeking to maximise relatively simple variables. Consultative processes are essential and, while leadership is of great importance, such leadership must be consensual.” In many universities the tension between collegial and managerial styles of administration have been played out with the new corporate management approach the winner. This has precipitated a crisis in university governance manifested by the Melbourne Private saga, the Sydney sacking of the Chancellor, the Wollongong sacking of an academic and general unease at the minimal scrutiny of central initiatives often involving millions of dollars.

Faculties have often been consolidated under mega deans structures with the latter incorporated into the senior executive group. The rationale for the grouping of very diverse academic interests into mega faculties has been alleged economies of scale with budget size the best indicator of viability. It has also been seen as an opportunity to break down departmentalisation and nurture cross-disciplinary research and teaching activity. This new tier of management underpinned by schools has been
ushered in as part of a strategy of devolution whereby Faculties control their own budgets and manage their own services and infrastructure. We are now seeing the emergence of Faculty Directors and Business Managers focused on the management of the Faculty as a strategic business unit aligned with central strategic priorities.

The Hoare Review of the Management of Higher Education Institutions (1996) provided a mechanistic rationale for the tighter coupling of the Senior Executive Group and Faculties with its advocacy of strategic management as a means of providing "the ability to develop strategic and operational plans, marshal resources towards the achievement of those plans, monitor and review performance and regularly review and update plans." All Australian universities have adopted these practices even if they have some way to go in linking strategic and budgetary processes and objectives. The major problem remains that top down planning and budgeting priorities are a blunt instrument for manipulating outcomes within the departments and Faculties if the organisational culture and work practices militate against them. Yet universities are being called upon to focus on quality assurance underpinned by collaborative continuous improvement practices.

An alternative perspective is provided by Clark’s vision of the adaptive institution, analogous to Senge’s (1990, p.14) learning organisation “constantly expanding its capacity to create its future” and Latham’s (2001) network university creating a web of relationships with all sections of society. Such approaches rather than the hard edged new public management have the potential to impact the academic heartland by appealing to core academic values as the university seeks to reposition itself in a turbulent environment. For Schein (1993) dialogue is the primary vehicle of organisational transformation involving “shared mental models and thinking processes which cut across the existing subcultures of an organization thereby enabling a group of people to achieve a higher level of consciousness and creativity together.” (Beeby and Booth, 2000, p.82).

In such an organisation leaders have a critical role to play putting organisational learning on the agenda; building the structural foundations to turn individual learning into organisational learning through teams and creating conditions of trust that enable open communication and dialogue. The learning organisation is implicitly non-hierarchical as Latham (2001, p.14) observes: “Hierarchies concentrate knowledge and authority at the top of their administrative structure. Know-how only ever passes downwards. Thus, as one gets closer to the bottom of a hierarchy, people are increasingly engaged in specialized and repetitive tasks. Networks, by contrast, flatten this pecking order and establish “horizontal” relationships of trust, negotiation and reciprocity.” In a fascinating study of the University of Western Sydney Nepean, Chris Duke (2001, p.116) contrasts the top down rationalist-managerial approach and networking which takes account of institutional memory and social capital, “a stock of experience and the understanding, goodwill and mutual reciprocity which arises from repeated interaction between individuals and between organisations.”

**Restructuring at the University of Newcastle**

The University of Newcastle exemplifies many of these dilemmas in that it was the last of the old universities modelled on Oxbridge- a wannabe sandstone in
Marginson’s (1998) words-attempting to reposition itself and engage in organisational transformation as the century closed. This University lacks the positional advantage of the top eight but benefits from the tradition of Australian students attending the university closest to home. This is borne out by enrolments at the University of Newcastle which draws 80% of its 18,000 students from the Hunter region and, reflecting that fact, 25% from the lowest socio-economic status group. Over 50% of that student population is mature age and 36% part-time. (DETYA, 2000). This is not an elite university but a research intensive university ranking ninth in terms of Research Quantum earnings and with a very specific regional focus on undergraduate study. The University itself stated in 1997 that "For most recent school leavers and mature age students in this area relocation to undertake higher education, even with increased support, is not financially feasible." (Holmes, 1997).

The University’s postgraduate coursework enrolments remain low despite an increase from 3% to 5% of total enrolments and our overseas student figure of 7.1% comparable to like institutions but nowhere near market leaders such as RMIT, Monash and Curtin (DETYA, 2001). A competitive analysis of the position of the University relative to others with regard to postgraduate coursework programs in April 1997 concluded that the University was "competitively disadvantaged in distance education and completion times". Only 32% of courses were offered through distance education but the new Internet technologies were seen as providing "innovative ways to catch up", expanding total market size and flexibility. These are all contestable areas where institutions outside the region can compete with us. It has never been the intention for the University of Newcastle to build remote enrolments on the scale of traditional and new distance education providers such as Charles Sturt, Deakin, Central Queensland, New England and Southern Queensland. The most we can hope for is niche markets in areas of specialist expertise such as Building and Clinical Epidemiology.

The University’s funding is still dominated by the Commonwealth Government grants (53.8%), HECS (19.2%) and research grants (8.2%) in 1998 (DETYA, 2001). Fee paying student income was a very ordinary 6.9% but investment income a healthy 12.8%. With the prospect of a further decline in government funding and increased competition for both the captive undergraduate market and postgraduate/continuing education markets, Vice Chancellors have been preoccupied for the last decade with cost reduction, income generation and the need to mobilise the University around global strategic priorities. This has never been an easy task in a conservative, departmentalised university suspicious of the central administration and used to the notion that academics should be in control (even if they in turn were controlled by the Vice-Chancellor).

The appointment of Raoul Mortley as Vice-Chancellor in 1993 was the beginning of substantial change for the University with the introduction of institutional strategic plans and five year rolling budgets, reflecting a personal commitment to planning, budget difficulties created by an ageing top heavy academic staffing structure and the influence of the Quality Assurance in Higher Education Program 1993-95.Strategies were initiated to encourage the departure of a significant number of older faculty and Peter Karmel was commissioned to review the organisational structure. The Karmel Report (1992) led to the reduction of Faculties from thirteen to eleven, the appointment of a University Secretary and the creation of a Vice Chancellor’s
Advisory Group (VCAG). The Deans were left in a Senior Management Group at one remove from the day to day policy deliberations of VCAG. This was a quite critical move which was to generate its own problems in the future as a perception emerged that non-academic division heads had an undue influence on central policy processes at the expense of the academic community. The impact of the 1993-95 quality rounds saw the University develop its first Mission Statement in 1993 and by 1998 it had evolved into a five year Institutional Strategic Plan reviewed annually and complemented by a nested hierarchy of organisational unit plans. Faculty and Divisional plans were to be aligned with the Institutional Strategic Plan and reviewed against performance indicators and targets.

The University has established a set of financial management policies and principles based around a five year rolling budget reviewed annually and devolution of financial responsibility so that, within overall University policies and guidelines, Faculties and Cost Centres can allocate one line budgets according to their own perceptions of needs and priorities. A Budget Strategies document (1997) states that "The University's Budget should serve the University's mission and implement the University's policies and directions..."; more specifically it should be based on "implementing the University's approved profile, as negotiated with the Commonwealth government". In addition, the Budget has also to take account of "the forward view of University strategies and directions as incorporated in the approved Strategic Plan." The Institutional Strategic Plan 1999-2003 explicitly stated that:

"The University's 5 Year Budget should facilitate the accomplishment of the Institutional Strategic Plan and provide a mechanism for implementing policies and directions as determined by the University."

Under Support and Facilitation, the Institutional Strategic Plan 1999-2003 (p.39) identifies as a goal:

"3. Ensure that resource allocation processes are transparent and are aligned with the strategic plan."

The relevant performance indicator is:

"3. Links between the five year budget plans and the Institutional Goals."

Despite these explicit goals, the budget and planning processes remained separate with the exception of the Capital roll-in funds.

In the 1996 Budget Report, the Executive Director, Finance and Property, commented that: "The five year rolling Budget Plan introduced in 1994 was a major step forward in assisting to focus on strategic planning at the global level to ensure appropriate financial management over the longer term." The twin imperatives of reining in the deficit and revitalising the university saw the budget used as a tool for realising management goals. (Report from the Finance and Administration Committee, 8/3/96 C9:96). An expanded Planning and Resources Committee of University Council including the Deans and unions was utilised for long term resource planning and a revamped Finance and Administration Committee was established to oversee the budgetary process (University Council Minutes, 2.7.1993 C153/93). The New Developments Fund was also a means of aligning strategic priorities with financial incentives with the Vice Chancellor reporting on it in June 1995 in the following
The vision statement has now been grounded in actual financial policy, and we have taken the hard decisions necessary to allow the University to be, indeed, a process which is capable of innovation.

Devolved one line budgets for Faculties and Cost Centres were to be allocated internally according to the Dean or Head's "perception of needs and priorities consistent with the University's Strategic Plan". A 5% surplus or deficit can be carried forward each year; if the amount exceeds 5% the Dean or Division Head must submit a plan to bring the budget back into balance. Underpinning this devolved one line budgeting was the assumption that internal Faculty and Cost Centre priorities and funding decisions would be consistent with global strategic priorities. A nested hierarchy of specific Strategic Plans for functional areas, Cost Centres and Faculties was to be part of the Institutional Strategic Plan. (University Council Minutes, 25.8.1995, C63:95) In addition, the Deans of Faculties were given new executive responsibilities including "academic, administrative and financial leadership of a faculty" (University Council Resolution C332/93, 15.10.1993) as part of the 1993 restructuring that flowed from the Karmel Report on Faculties and Deans (University Council, 26.8.93, C73:93).

If planning and budgeting were to be effectively coordinated to enable the realisation of university wide goals, it remained an open question as to whether the Deans and Heads of Cost Centres would identify with global priorities or reflect the agendas of their Faculties and Divisions. The Review of the University's Organisational Structures and Organisational Arrangements (October 2000, p.20) noted that "very few submissions from the Faculties attempted to adopt a contemporary institution wide view of the issues and challenges facing the University of Newcastle." It could be argued that the restructuring consequent upon the Karmel Report did not effectively integrate the Deans into the central management structure with executive decision making concentrated in the Vice-Chancellor's Advisory Group rather than the Senior Management Group where the Deans had input. This is confirmed by an observation in the Review Report (October 2000, pp.18-19) that "the Senior Management Group has no real role in University decision-making, leaving Deans somewhat outside the main action occurring in the University's key advisory and decision-making structures." This was to be remedied by incorporating the five heads of a rationalised faculty structure into a single advisory body to the Vice-Chancellor.

A further problem was the efficacy of linkages between the Institutional Strategic Plan and the nested hierarchy of plans at Faculty and Divisional level as well as the effectiveness of implementation. This led the Review Report (October 2000, p.34) to recommend "That the University make every effort to ensure the appropriate linkage between resource allocation and the University's stated strategic directions and that Faculties and Divisions be required to report annually against objectively measurable performance targets set by the Vice-Chancellor after appropriate consultation." As the bulk of Faculty funds were committed to staffing, flexibility required the University to increase revenue while freezing the staffing profile. While Deans had a guaranteed revenue flow from the weighted student load they were unlikely to closely scrutinise costs, engage in innovative work practices, push the envelope in terms of entrepreneurial behaviour or focus on university wide goals. The Review Report (October 2000, p.16) addressed this issue by suggesting the Vice-Chancellor consider
"allocating a percentage of operating grant to Faculties and Divisions on the basis of performance against identified targets."

Flexible learning is a practical example of an attempt by the Centre to direct Faculty energies towards a strategic priority. By 1997 the Teaching Management Plan had as an Objective: “Provide flexible and accessible learning opportunities through exploitation of current and emerging technologies” and as Strategy: “develop more flexible approaches to teaching and learning programs which accommodate differences in students’ learning styles, personal circumstances and workplace requirements.” Despite these welcome shifts in rhetoric and formal institutional priorities, it was not clear that the University’s senior management group had a shared understanding of flexible learning and the factors underpinning it as an institutional priority. Over time it became clear that their thinking was driven by resource issues and focused on flexible delivery and expanded postgraduate coursework markets with large class efficiencies the only reference to undergraduate education.

The University of Newcastle attempted to impact Faculty priorities through competitive project funding with a Flexible Delivery Startup Program and a Web-Based Postgraduate Course Development Program in 1997-98. This was underpinned by the creation of a converged Information and Education Services Division (IESD) to provide integrated support services in 1997 and the formation of Graduate School in 1999 to provide an integrated approach to the University’s postgraduate offerings and a focus for flexible learning initiatives. Both these structural changes were one off innovations to address particular problems that generated further dilemmas in terms of the relationship between the Faculties and central administrative bodies and support services. Goodman (1995, p.16) argues this top down approach will fail unless it tackles “the cultural and pedagogical traditions and beliefs that underlie current practices and organizational arrangements.” The University of Newcastle had neither effective linkages between Teaching and Learning Committee and the Faculties nor strategies for facilitating systemic change within Faculty and departmental cultures. Strategic plans and project funding are perceived as marginal to faculty concerns about long term resourcing and support for flexible learning initiatives.

The Review of the University’s Organisational Structures

Continuing tensions over the relationship between the central administration and the Faculties, frustration at the difficulty of implementing the Institutional Strategic Plan at the Faculty level and concern that the University should reposition itself to take advantage of the dynamic operating environment led to the announcement of a Review of the University’s Organisational Structures and Administrative Arrangements in April 1999. This took sections of the University community by surprise as there was no sense of crisis and the University was still recovering from the trauma of the 1996-98 budget cuts and redundancies that had seen three hundred staff leave the University. From the perspective of the Senior Executive Group there was a feeling that attempts to align strategic planning and budget priorities had not been as successful as they might, relying as they did entirely on the Deans and Division Heads for implementation. There was no structure within Faculties to underpin central initiatives and priorities; the Deans were too ready to blame the Centre rather than identifying with it in the realisation of global strategic priorities. The Deans in turn
had a perception that support division heads had undue influence on policy through their membership of VCAG while the Deans were marginalised in the Senior Management Group. There was also dissatisfaction with the performance of the support Divisions and the extent of centralised service support.

The Vice-Chancellor was later to explain the rationale for the External Review at Public Forums in the following terms:

- Policy of ongoing review
- Complexity of current structures
- Changes in higher education context
- Creation of more flexible permeable groups
- Better support for interdisciplinary, multidisciplinary
- Reduce administrative complexity and duplication
- More group based research funding
- Higher levels of ownership at the “coal face”
- Create better environment for teaching, research and service

The central question that needs to be asked is whether the critical issues for the University of Newcastle were to do with structure or organisational culture. As Don Aitkin (1998, p.124) has said in reflecting on the role of Vice Chancellors, “To my mind putting great emphasis on structural change is on the whole an error; structural change should come at the end, not at the beginning ---Any well-known organisational form can be made to work well if those working inside it know what they are doing and why it is important.” Chris Duke (2001, p.108) argues for creating the conditions for networking and collaboration rather than imposing a strategy and structure from above-“the task was to trigger a genuinely open process of collective reflection and review. Change would occur, but its character and direction would not be predetermined.” Such a perspective is consistent with theories of the learning organisation in which trust and openness along with facilitating mechanisms for group learning are critical to the outcome.

From the outset it was clear that the restructuring of the University of Newcastle was being driven from the top to a tight time frame. An initial discussion paper, A University for the 21st Century was released on the 14th August; an External Review Panel met at the University on the 25th August and after three days of consultations and the consideration of written submissions a Review Report was to be finalised by the 15th November. This Review Report was to be considered by Council on the 15th December. The initial discussion paper highlighted the problematic nature of the Institutional Strategic Plan for Faculties, the split accountabilities, the primacy of academic activity and the need for diversity within a one university framework, the desirability of aggregating organisational units and the need for a minimum of committees and working parties consistent with effectiveness.

The discussion paper counterposes the twenty first century learning organisation to the twentieth century traditional organisation in terms of hierarchy versus flat structures, leader driven versus team driven, centralised versus decentralised, rigid versus fluid and competition versus collaboration. Various options were canvassed in terms of the senior executive group, the academic groups and the support groups. The major weakness of the paper was that, having drawn attention to the relevance of the
learning organisation and cultural change, it provided no strategy for addressing the issue of change processes and implementation nor did it explore the structural implications of opting for a learning organisation. The structural options presented were really a choice from the more conservative models to be found in Australian universities.

The External Review Panel consisted of Professor Peter Coaldake, Deputy Vice-Chancellor, QUT; Professor Judith Kinnear, Deputy Vice-Chancellor (Academic and International), The University of Sydney; Dr Roland Williams, Chair, Business Higher Education Round Table, and former Chief Executive Officer, Shell Australia. The composition of the Review team suggested significant change; Coaldake had made a reputation as a vigorous advocate of the DETYA change agenda for universities. The Review Report (2001, p.14) observed that if the submissions were a reliable guide, “the choice of most of the academic staff is to defend their idealised model of the University regardless of the external forces at play.” It went on to argue that “a key role for the leadership group over the next two to three years is to pilot the University through a major process of strategic, cultural and generational change. This is a challenge for any organisation but is likely to be especially difficult at Newcastle given the apparent reluctance to consider the need for change, as evident among many in the academic staff group. The successful engagement of the academic community with the change process therefore will be pivotal in the months ahead.”

The Review Report identified the need to substantially reframe the Institutional Strategic Plan as a means of enabling the University to position and differentiate itself with appropriate linkages between resource allocations and the stated strategic directions. The Faculties and Divisions were to report annually against measurable performance targets. The key recommendations on structure were:

- Abolition of VCAG and the Senior Management Group, replaced by a single advisory body
- The Senior Executive Structure to comprise the Vice-Chancellor, the Deputy Vice-Chancellor, the Deputy Vice Chancellor (Research/Outreach/Development) and a Vice President (Corporate Governance).
- Rationalisation of the Faculties and School/Department structures, replaced by a smaller number of academic groupings headed by Pro Vice-Chancellors
- Convergence of the four support Divisions within a single entity headed by the Vice President (Corporate Governance)
- Rationalisation of the committee system, particularly committees reporting to the Vice-Chancellor.
- General staff positions within the Faculties to report within the Faculties
- A more devolved and unitary style of management

The strangest omission from the Review Report was any reference to learning organisations, organisational culture, change strategies and implementation of the report’s recommendations despite the identification of “successful engagement of the academic community with the change process” (2001, p.15) as a key issue in the Introduction. This was very much a new public management agenda with external
consultants providing strategic advice on implementation to the Senior Executive Group. A Review website was set up, the University community was invited to make submissions and be interviewed by the reviewers, and a plethora of public forums were held in 2001 to report on progress and solicit feedback. There were however no mechanisms for informing the university community as to the weight given to feedback nor was there a sense of a genuine dialogue between stakeholders. The compressed time frame may have been interpreted by some staff as meaning that the senior executive group was determined to implement a pre-existing agenda as quickly as possible. Chris Duke’s (2001, p.112) comments about the restructuring at the University of Western Sydney would resonate with some staff at the University of Newcastle: “The very substantial process of consultation via individual e-mail correspondence, a UWS website and Vice-Chancellor’s Forums came to be seen as largely one-way, rather than as listening and dialogue.”

The New Structure Takes Shape

The University Council endorsed the general principles of the External Review Report on the 15th December and noted that it would be considered in detail at the Strategic Planning Retreat on 15-16 February 2001. The Vice-Chancellor was requested by Council to consult with staff and students and then bring forward a detailed response to the report and an implementation plan to the meeting of the Council scheduled for 4 May 2001. The Vice Chancellor prepared five draft papers (University of Newcastle, March 2001) following the February Retreat that became the basis for discussion at a series of Forums with staff. The broad outlines of a new structure and the principles upon which it was based were enunciated in these documents and staff invited to provide feedback in written submissions. Key principles underpinning the restructure included “one university, not five separate smaller universities”; “devolved within a unitary framework”; and the permeability of Divisions, Faculties and Schools as a means of “breaking down the silos”.

A Draft Proposal for Restructuring, issued in amended form on the 1st June, went to Council on the 4th May and gave approval for:

- The disestablishment from 1 January 2002 of the eleven Faculties as well as the Student and Academic Services, Information and Education Services, External Relations and Finance and Property Divisions;

- The establishment of five new Faculties and a consolidated services Division, the University Services Division

The five new Faculties-Business & Law, Education & Arts, Engineering & Built Environment, Health and Science and Information Technology-were to be lead by Pro Vice –Chancellors who would also have university wide portfolios in strategic areas. Each Faculty would contain 4-6 Schools (20-50 FTE staff) lead by Heads of Schools who would retain the title of Dean if the School was a key professional area. Heads of Schools had dual resource/management roles and Faculty wide leadership roles in key strategic areas. Faculty and School Boards with a majority of elected members would be advisory only to the PVC and Head of School respectively. Faculty Forums for all
staff and elected student representatives had an advisory and information sharing role. It was initially proposed that each Faculty have a Graduate School to coordinate postgraduate coursework programs and a Faculty Services Unit responsible to the PVC for support services in cooperation with the Vice President (University Services). The Graduate School proposal was later deleted on the grounds of excessive duplication.

The new structure was designed to strengthen the alignment of Faculties with the strategic direction of the University through a number of mechanisms:

- Pro Vice Chancellors were members of the senior executive team with university wide responsibilities, accountable for implementing the University's strategic priorities
- Provision of a generic structure within each Faculty consisting of Assistant Deans with faculty wide responsibility for Teaching & Learning, Research & Research Training, International, Community Relations & Marketing, IT (academic matters) and Planning & Quality Assurance.
- Faculty Services Unit to consist of a Faculty Services Director, IT manager, Laboratory Manager, Student Services Manager and a Business Manager who would report to the Faculty but liaise closely with their counterparts in University Services.
- New funding model in 2002 whereby budgets to be determined three years in advance, targets agreed upon and 5% withheld in the first year and 8% in the second for strategic initiatives within the Faculty. Another 2% was to go to the New Initiatives Fund.

One of the more radical aspects of the restructuring was the philosophical approach informing the formation of University Services. The four support Divisions were to be integrated into one Division with an emphasis on team operations across functional areas; service provision was to be devolved to Faculties where practical with University Services having responsibility for ensuring “one-University” policies and the quality assurance of such services across the University. The Vice Chancellor made it clear at a University Services Planning Retreat in July that the focus was to be on “doing more with less”, eliminating duplication and process reengineering in the context of the deployment of corporate information systems. It is worth noting that at 59% (DETYA, 2001) of total staff, non-academic staff were at the high end of the spectrum for Australian universities although nearly half were in the Faculties. The Vice-Chancellor repeatedly emphasised that the restructuring was not a cost cutting exercise with redundancies in the offing but an opportunity to streamline services. The formation of the Information and Education Services Division, a converging of library, IT, teaching & learning support and educational media services in 1997, represented a similar exercise in reengineering.

Politically the formation of University Services was designed to allay academic fears of the undue influence of Division Heads on policy by reducing support services representation in the senior executive group to the Vice President (University Services). The new Division was firmly cast in an enabling role with a clear understanding that academic policy issues were for the academic community to resolve through its new corporate structure. Pro Vice Chancellors and Assistant Deans were to constitute the membership of the new slimmed down committee structure that
was to advise management on policy issues. As an example the reconstituted Curriculum, Teaching and Learning Committee will be chaired by the Deputy Vice-Chancellor and include the Assistant Deans (Teaching and Learning) and a nominee of the Vice President (University Services). Previously there were three senior members of the Information and Education Services Division on the Committee driving the agenda on flexible learning and a range of other issues due to an absence of academic leadership on global strategic issues. A critical ramification of this approach to core academic activity is the abolition of central staff development/learning support units. Faculties have to identify their own developmental needs in conjunction with training and development consultants from University Services and either provide them locally or contract them in from outside the University.

It is hard to get a sense of how the University as a whole reacted to the restructuring process. The initial submissions to the External Review were never made public; the Review Report did not provide alternative models to stimulate debate and there was virtually no public input or discussion prior to the Strategic Planning Retreat and the Public Forums in February/March 2001. By that stage the main focus of attention was on the number of Faculties (increased from four to five after the Retreat) and, with the release of a discussion paper in June listing schools and their constituent disciplines, the question of which disciplines went to which Faculties and Schools. One got the sense that the university community was experiencing change fatigue and largely accepted the inevitability of the restructuring and wished to get it over. Only thirty of eight hundred academics attended an NTEU meeting on the issue in March and only 112 responded to a survey. Sixty percent of respondents were not aware of the rationale for the changes; 92% felt they had not been adequately consulted; 77% said their submissions had not been adequately dealt with and 87% did not think participation in decision making would improve under the new structure. The NTEU formally expressed the view that the Faculty and School Boards should have “determinative powers regarding academic functions, not merely advisory ones.”

The impact of the restructure on staff participation in university policy and processes was a point taken up by the Community and Public Sector Union (CPSU) representing general staff. The CPSU (University of Newcastle, Response 43) expressed a general concern “that the University appears to be moving away from a collegiate and consultative model towards “operational management committees”, forcing staff and Unions into reactivity. This view is reinforced by the proposed minimisation of general staff representation on School Boards,…” The CPSU saw this as at odds with both the Enterprise Agreement and the Institutional Strategic Plan which placed a premium on transparent and inclusive processes. It felt the restructure was solidifying the distinction between academic and general staff at a time when the roles were blurring in work practices at the coalface. In a similar vein the Deputy President of the Academic Senate (University of Newcastle, Response 72, 19.8.2001) noted that female representation at the executive level has decreased as an unplanned consequence of the restructuring despite efforts to encourage female applicants for the new PVC and Vice President positions. Three of the Divisional heads on VCAG and two of the Deans of Faculties had been women. By September 2001 the Vice President (University Services) was the only woman in the senior executive group.
Conclusion

The restructuring of the University of Newcastle is a work in progress that cannot fairly be assessed in any comprehensive way at this point in time. There is no doubt that the senior executive group of the University were right in their conviction that new mechanisms were required to ensure some level of engagement of Faculties and their academic staff with the global issues confronting the University. They also correctly diagnosed the need to enable Faculties to map their own entrepreneurial direction within the context of an overall strategic framework. A question remains as to whether structural change can address the underlying issues without concomitant change in the organisational culture and work practices at the coalface. If we are to have an adaptive university there has to be a constant process of organisational learning based on trust, dialogue and collaborative work practices. If we opt for a new public management agenda of control, we will find as Holtta and Pulliainen (1992, p.55) concluded that “the institutional dimension of the higher education system (representing the state) will never be able to control academic work, and it should never try to do so.”

The University of Newcastle has followed Burton Clark’s prescription for organisational transformation in the direction of an entrepreneurial university by strengthening the steering core to embrace both the central managerial group and the academic heartland. Steps are also being taken to expand the developmental periphery with project oriented research centres transcending disciplinary boundaries and diversifying the funding base through both increased research contracts and fee based student enrolments. But Clark (1997, p.7) makes the critical point that the entrepreneurial university requires a changed work culture that embraces change: “That new culture may start out as a relatively simple institutional idea about change that later becomes elaborated into a set of beliefs which, if diffused in the heartland, becomes a university wide culture.” As the Presidents of two North American universities (Shapiro and Shapiro, 1995, p.10) put it, the challenge is “to redefine our understandings and commitment so that, in empirical terms, collegiality and difficult choices are not mutually exclusive.” It has yet to be demonstrated that the University of Newcastle has transformed the organisational culture and found the appropriate balance between collegiality and the entrepreneurial imperative.

References


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