

Cooperation or Conflict between University Managers and Professors

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William K. Cummings*

In higher education, we seem to be entering a new era where “reliable” (state-subsidized) resources are declining and institutions are being asked to recovery a greater share of their costs. Related to the pressure for cost-recovery are other proposals including the need for universities to become more customer and service-oriented. These are big challenges and they have largely been addressed to those who lead/manage higher education. In responding to them, managers have taken initiatives that sometimes “appear” to intrude on academic aspects of the university that have traditionally been the responsibility of professors. “Appear” is stressed, as the actual impact may be different. But appearances are what count, and thus tensions are mounting between managers and professors.

Many scholars, particularly in the Anglophone countries, have pointed a critical eye at recent challenges often presenting a doomsday perspective (Newson and Buchbinder, 1988; Slaughter and Leslie, 1997). I share in the sentiments of these scholars, but my aim here is not to join that chorus. Rather I want to search for an analytical basis for understanding the roots of some of these recent tensions (specifically those related to the generation and allocation of financial resources), and to identify some principles that may help to preserve a spirit of cooperation between university managers and professors. These thoughts presented here are a work in progress.

1. The Business of Higher Education

To begin the discussion, it will be helpful to present a highly simplified business model for higher education focusing on operating revenues and expenses.¹⁾ Revenues can be said to equal tuition revenues (# of Programs * # of Students * Tuition and fees) + other revenues (from services, Research and development returns, Other) + Grants/subsidies from the establisher (e.g. the state) + Development income (returns from the endowment, one-time gifts, other).

$$\text{Revenues} = P * S * T + V + R + O + G + D$$

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Expenses are equal to salaries of academic Faculty (by program) + salaries of Administrative staff + maintenance of Buildings, Libraries, and technology + other expenses (X).

$$\text{Expenses} = F * P + A + B + L + C + X$$

Insofar as possible it is important to discriminate between expenses that are academically focused and those that are for administration. For the academic expenses, it is helpful to compute them by program. With information of this kind, it becomes easier to discuss some of the issues that follow below.

2. The University Tradition

The classical model of the university is a community of scholars who manage and operate all affairs, choosing one of their members to lead. The classic university had its limitations as a business model. It had modest expenses - e.g. professors were typically members of a religious brotherhood and received their living expenses from the church rather than the university. Universities received modest revenues involving token fees from those students who could afford to pay. So the business side of the traditional university was not a matter of great concern.

Gradually secular subjects were added to the curriculum of the university, and there emerged a greater concern to worry about financial viability. So there were important modifications leading to an enhanced role for leaders/managers relative to the collegial decision-making bodies. A common denominator in these reforms was managerial control over the expanding business side and professorial control over the academic side.

3. Different Governance Models

Over time, different university models emerged. We can think of two extremes: a state system model where the state for its purposes established a system of higher educational institutions and made most of the business decisions for these institutions, and at the other extreme a decentralized approach where the business decisions were largely in the hands of each individual institution (whether they were nominally publicly established or privately established). These Models differed in terms of where the lines were drawn between the business/ academic sides and how various aspects were controlled:

Division of responsibility. For example, in the Japanese case the academic side referred mainly to routine teaching and research activities while the relative scale of these activities and how much

the university charged for them was left to management. So while Japanese professors may have believed they had much say in university decision-making, in fact they had little authority over those decisions that affected education-related revenues.

In contrast, in the decentralized U.S. case, the professors had from modest to considerable control over the education-related revenue generating areas. They could decide how many students to admit to their programs and hence how much tuition revenue their unit would generate. Professors had some discretion over appointing new teaching staff - - at least over the appointment of part-timers. If there was additional revenue, additional appointments might be authorized.

Concerning the search for research and service-related revenue there were also differences. In the Japanese system, there tended to be fairly substantial routine support for academic research related to the chair system, but relatively limited opportunities to seek additional revenue in the form of grants. Also there were somewhat strict rules on outside or private consulting. In contrast, in the U.S. there was considerable freedom in these areas. So U.S. professors had more influence over the generation of revenues. This provided them with potential leverage on the expenditure of revenues.

Control. In contrast, concerning control the Japanese professors had virtually full control over the choice of their university-based managers - - - presidents and deans were elected from below. In the U.S. these officers were selected from "above" - presidents were selected by boards of trustees and deans were selected by the presidents.

4. Past Loci of Cooperation and Conflict

These models had somewhat similar consequences in terms of areas of cooperation but differed in their loci of conflict. Many of these conflicts can be traced to business issues as suggested below.

Concerning cooperation,

- Cooperation was maintained as long as status quo protected (the business equations were unchanged or each component grew at a similar rate)
- Cooperation when new resources or units added - but old ones not threatened (all academic units experienced a positive shift in revenues and expenses, with rates varying depending on period of initiation)
- Cooperation where a reasonable effort to spread resources across units - balance is evident in ratio of expenses to staff, and no unit experiences a decline in this ratio
- Cooperation when managers participate in collegial academic bodies, provide a rationale for changes, and do not claim exceptional resources for managerial

operations

Concerning conflict, the main sources in the centralized model are external to individual institutions, involving what is perceived as excessive interference by government in the internal academic affairs of the university. Examples of such conflict are as follows:

- Conflict when government reduces its level of support for higher education (e.g. ratio of revenues to # of students and/or faculty declines)
- Conflict when government/managers try to shut down a university or unit
- Conflict when government tries to force a merger
- Conflict when government tries to interfere in academic matters (mainly concerning academic freedom, but also may include an effort to shut down a controversial unit)

In the decentralized model, the main sources are different, involving on-campus conflict between managers and the faculty as a whole or more typically with particular program units:

- Conflict when managers distance themselves from academics; exhibit self-interest (e.g. management claims an increasing share of revenue and/or the ratio of expenses to # of students and/or faculty declines over time)
- Conflict when one unit uses muscle to advance self-interest (resulting in imbalances in ratios of unit expenses compared to unit revenues)
- Conflict when managers try to shut down a unit

5. Recent Trends in the Environment of Higher Education

In most nations there is a diverse system of higher education that includes institutions that more or less conform to both of these models. For example, in both the Japanese and American systems, there is a large national/public system that tends to be more or less centralized and a private system that follows the decentralized model.

For the better part of the twentieth century, higher education steadily expanded both in terms of revenues and programs/students at least in the industrialized world. This expansion provided a favorable environment for manager-faculty cooperation.

However, over the last two decades, several new trends have begun to influence the higher education environment (Benjamin and Carroll in Tierney, 1998):

S problem. In Japan and Western Europe the numbers of young people completing high school and eligible for tertiary education have leveled off or even declined. The shortage of qualified

entrants makes it difficult for institutions to expand enrollments and hence to expand enrollment-related revenues.

P problem. There is a new stress on the knowledge society and hence a significant shift in the social demand for higher education graduates towards science, technology, engineering, mathematics (STEM) and management fields. The demand for certain other subject areas (especially in the humanities) declines leading to tough decisions about the relative allocation of resources to different academic units.

R challenge. The society looks to the university for knowledge productivity to support economic development and national security. The concern with knowledge productivity places pressure on universities to hire individuals who excel in research, but who may not be outstanding in their teaching. Also academics are urged to engage in grant-seeking as the grant income adds to the revenues as well as the prestige of their institutions.

V trend. Parallel to the efforts of academics to expand research revenues, many universities hire managerial staff to specialize in arrangements that bring knowledge-related revenues to the institution (Tjeldvoll, 1998). These arrangements might include contractual research, incubators to translate research ideas into commercially viable products, and other measures to stimulate the creation and sale of knowledge products and services. Some professors ask what contribution these managerially initiated activities make to the fundamental academic mission of the university.

G problem. National/state budgets are under increasing stress due to other safety net considerations (pensions, health) and national security commitments. As states face an upper limit in revenue generation from taxes, they are forced to make hard budgetary choices. The typical outcome is tightened state resources for the routine funding of higher education.

F problem. Due partly to G and partly to S*T, universities have difficulty in increasing revenues. As faculty salaries are a major component, the rates of increase in these salaries tend to slow down, often to rates below that of other professional sectors.

The F/A ratio. Aggravating the F problem may be the concurrent trend of a more rapid increase in A than in F. This largely occurs because the more decentralized universities have to hire more employees to manage the expanding services expected of an independent university including admissions, student services, special events, alumni relations, development, and knowledge distribution. However, it also may be the case that the top officers of the managerial side are given very substantial salaries as well as salary increases that far exceed those provided faculty, fueling faculty resentment about managerial practice.

A more general issue is the ratio of all education related expenses (not just faculty salaries but also expenses for instructional space, library facilities, instructional technology, and so on) to administrative costs. There are many ways to compute these various costs leading to diverse interpretations. So it may not always be clear what is really transpiring in the split between

education-related and other expenses. However, insofar as there is a perception that the total allocations for instruction are growing at a slower rate than the total allocations for other expenses, faculty-management relations are likely to be tense.

6. Consequent Changes in the Operation of Higher Educational Institutions

The tightening of state resources has led most centralized systems to review their operations with the aim of reducing the level of state subsidies and placing a greater responsibility on higher educational institutions to recover their costs as well as expand new revenue sources.

Concerning cost recovery, some states still seek to closely monitor this process by maintaining their authority over enrollment levels and tuition and fees. But the more common practice is to turn discretion on these matters over to individual institutions. For example, public HEI in approximately half of the states of the U.S. now set their fees. The recent decision by the Japanese government to transform national universities into parastatal institutions is likely to be followed by a similar delegation of these responsibilities to individual institutions.

Concerning alternate sources of revenues, the main short-term options are research and development revenues and services such as continuing education courses, tickets for special events such as concerts and athletic events, and other public programs. Many institutions are able to generate more revenue from these alternate sources than from their normal instructional activities.

In a few systems, there is a greater reliance on steering from the outside (i.e. the MOE or a related body). In the UK, revenues are partially determined by the ranking of research and teaching excellence. Japan also has introduced the concept of Centers of Excellence as a basis for the selective distribution of resources. But the more common outcome is simply to give universities more discretion to devise their own solutions. One way or another, they have to balance their budgets each year. These changes lead to greater autonomy but also to greater financial responsibility and risk.

7. A New Focus on the Financial Viability of Academic Units

The shift of financial responsibility to individual institutions creates obvious pressure on each institution to carefully monitor its revenues and expenses. Inevitably institutions have to look at every aspect of their financial operations. One consequence is a new focus on the financial viability of every unit of an institution, whether academic or managerial.²⁾ In most cases to date, on the academic side the focal unit of such monitoring is the constituent faculties, though in some institutions the monitoring may shift down to the constituent programs. To the extent the focus is on smaller units there is a greater likelihood of a negative impact on faculty morale. Professors value the feeling

of belonging to an academic community, but this microscopic scrutiny of their work leads to invidious comparisons and can generate rivalries.³⁾

The following are examples of new issues that emerge when the focus shifts to the financial viability of academic units:

- Academic Units differ in their ability to attract students, and to charge increased fees. Those that have a favorable market position are better able to generate new revenues and hence to fund new activities that benefit their students and faculty. Those with a less favorable market position may be pressured to reduce costs; this may mean a reduction in the number of full-time faculty and in the faculty-student ratio with a corresponding increase in the number of part-time or adjunct faculty who receive relatively modest compensation for their work.
- Academic Units differ in their ability to attract research funds - and/or other contractual activities. STEM fields have a big advantage, and this advantage may be translated into better salaries, offices, and other benefits. Along with research funds may come a greater proportion of faculty appointed on a contract or non-tenured basis and the appointment of more graduate assistants and office staff.
- Additionally, for those fields that have access to substantial research funds, there are differences in the mix of basic to applied funds. The classical university stresses basic work. The fields that commit heavily to applied and development work tend to engage in practices that may raise questions about their academic integrity - e.g. publications are released without peer review to monitor quality. So while some fields enjoy the benefits associated with being hot, they may engage in practices that stretch the boundaries of ethical academic practice resulting in critical scrutiny by their colleagues in more conservative fields.
- Academic Units differ in their ability to retain staff, within the framework of current salaries. For quite some time, the academic salaries for professors of medicine have not been competitive with private practice, and thus universities have had difficulty in recruiting the best talent. Lately, selected areas of the applied sciences are facing the same dilemma. Even so, the salaries for academics in these "hot" areas are likely to be considerable above the salaries of professors in other fields.
- Universities differ in their willingness to return revenues to the units that generate these resources. All institutions prefer to keep a reasonable balance of academic offerings, and it is inevitable in the short run that some units use more resources than they recover. So universities typically "rob Peter to pay Paul." Such practices can go on for short periods without tension. But if there is a long-term pattern of subsidizing particular units, tensions are likely to grow. Schools of education are often referred to as "cash cows" that generate revenues to subsidize other units, and the faculty in these schools typically resent this

exploitation.⁴⁾

- Universities differ in their determination to downsize units that fail to generate revenues. Most universities resist down-sizing, but after unit goes through an extended period with a financial deficit down-sizing seems called for. A relatively painless approach is to implement down-sizing though failing to replace the positions of retirees. More drastic measures are likely to encounter resistance.
- Universities differ in their willingness to make transparent the objective differences in financial viability of constituent units and the related actions to address these differences transparent. Even when this information is withheld, faculty have their ways of finding out what is what. So there is a reasonable argument for sharing the relevant information.
- Universities differ in the timetables they establish for dealing with these challenges. Measure actions associated with diplomatic publicity are better received than drastic steps.

The shift to focus on the financial viability of units enhances the likelihood that some units will be big winners and others big losers. With a stress on unit viability, it is inevitable that the academic profile of institutions will change. Critics will reasonably ask if a university is still a university when it ceases to teach philosophy, anthropology, history, etc.

Even among the units that do well in terms of this competition, significant changes are likely to occur in their purpose--for example, some may become essentially mass teaching units while others may become primarily research units.⁵⁾

8. Some Measures to Minimize Tensions, Enhance Cooperation

Higher education in many part of the world is going through an important transformation, which we have characterized here as the shift from centralized to decentralized control and resource management. This shift is accompanied by a new alignment of potential conflicts - from state-university tension to manager-professor tension. We have suggested a number of issues around which the new tensions are likely to crystallize. But how can these tensions be minimized. An important general principle is for leaders to approach change with a commitment to objectivity and openness; many conflicts derive from perceptions of what is intended or likely to happen as contrasted with the actual implications of the change. Thus a commitment to responsiveness, to clarifying false impressions, is a critical component in minimizing tensions. The following are several specific suggestions, which according to the literature on academic governance have promise for clarifying intentions and minimizing tensions:

- Choose disinterested leadership. Leaders of IHE need to have vision and purpose, but they are

likely to encounter resistance when this vision and purpose is perceived as explicitly favoring one part of the university over the other. Biases of this kind should emerge through extensive dialogue with faculty representatives that are based on objective analyses of institutional viability.

- University leaders should make independent efforts to bring new revenues to the university so as to demonstrate they are trying as hard as the rank and file professors. The modern university leader is asked not only to lead but also to deliver. Those who can successfully bring in new resources are favorably regarded by faculty and extended leeway to make changes, whereas those who simply sit in their offices are viewed with skepticism. Bringing new resources also enables the leader to approach necessary changes at a more moderate and acceptable pace, cushioning the impact, for example, of down-sizing changes.
- Leaders should promote a direction of change that is consistent with the human resources and environment of the institution. For example, if the primary mission of an institution has been teaching, the changes should reflect opportunities consistent with the prospects of a teaching institution. Radical changes in university mission over a short period of time are not realistic.
- Ask representative groups to establish the principles of change. The university is a collegial body with most of the core academic work carried out by professors. The collegial professors expect to be consulted on the use of their time, not told what to do. Thus to bring about change, it is important for leaders to seek the views of the professors, or at least the views of a sub-set through relying on the deliberations of the academic senate and/or a representative committee of respected professors.
- Publicize the principles of change. Prior to launching a program of change, it is extremely hopeful to publicize the plan and seek reactions from all concerned.
- Use clear indicators as the basis for changes. Changes are easier to bring about if there is clarity about the process and about what constitutes a reasonable conclusion to this process. Thus objective measures of achievement are always helpful.
- Move at a reasonable pace. The normal pace of academic work is measured, recognizing that learning and research have extended time horizons. Academic programs and individual professors have to make long-term commitments to students and research funders. Given the extended time horizon of academic work, change is easier when it also is planned over an extended period. Drastic changes tend to be resisted while measured changes are more compatible.
- Provide positive rewards both to units and to individuals. Change takes place at the level of academic units, but individuals within those units vary widely in their contribution to these changes. For example, if a new goal is to increase research funding some will respond and others will not. It is appropriate to reward the academic units that increase their overall research funding while at the same time providing special incentives to the individuals within those units

that make the biggest contributions.

- Go easy on negative actions, and if resorted to propose a generous time-table. Often in proposed changes, just as some units and individuals benefit others are negatively affected---they may be asked to take on new tasks or in extreme cases to leave the institution. The wisest approach in these cases is the measured approach showing respect for the valuable contributions of those affected and providing adequate time for the affected individuals to seek new opportunities.

These are some suggestions to minimize conflict and enhance cooperation in the coming era of transition for higher education. The main goal in this paper has been to present a framework for thinking about change. Additionally several practical suggestions have been offered.

Notes

- 1) The capital budget is left out.
- 2) For example, does the athletic program of an institution yield a positive balance, does library use justify the current level of expenses, and so on. In this paper, we will not focus on the issues relating to the cost-effectiveness of the non-academic side though, in some instances, the performance of these non-academic units also can be a focus of faculty-management conflict.
- 3) The focus on academic units sometimes has the appearance of a "divide and conquer" strategy. While the strategy puts pressure on individual units, the typical response of each unit is to seek its own advantage rather than to rise above personal interest to propose a collective resistance to the strategy.
- 4) An interesting recent practice in U.S. higher education is "selective excellence." The central office of the university may either obtain new funds from outside or institute a redistribution of current revenues (by a common reduction of the base budgets of each academic unit). With the funds so procured, the central office then allocates bonus funds to those units that have the greatest promise of realizing excellent performance in such areas as attracting and training outstanding students, producing noteworthy research or otherwise adding to the prestige of the university. While this approach seems to have promise for seeding spots of distinction in a university, there is little evidence to date that it has had the intended impact. Perhaps it seeks quick results whereas the nurturing of excellence is a more long-term process. Unfortunately, many of the actual instances of instituting selective excellence have tended to reflect the personal biases and interest of central officers rather than the objective determinations of a collegial body of professors.
- 5) These differences also raise an interesting governance issue. Particularly among units that stress research and service, it is likely that a substantial proportion of the time of professorial appointments will be devoted to research and/or service rather than teaching. The extreme example is the typical faculty of medicine in a large U.S. university that is likely to have 100 tenured faculty with normal teaching loads and upwards of a 1000 clinical faculty who are primarily practicing doctors that spend a few hours each week contributing to university affairs. Professors in other faculty can ask if all of the medical faculty should have equal representation.,

e.g. should the clinical professors associated with a faculty of medicine have the same rights as a professor of physics or classical languages?

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