Why Can’t Universities be run more like Businesses?

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By Giles Pickford*

Every now and then Governments try to tackle the question of managing Universities more like businesses. This happened most notably in Australia when Julie Bishop, Minister for Education in the last Howard Government and a graduate of the University of Adelaide University, announced that Australian universities were managed very badly. She was decisively proven wrong. Australian universities survived a period of gross underfunding and interference and went on to become the third biggest exporters in the country.

But this was not the first or will it be the last time that this idea has popped into the minds of people who, although they have attended a university, have not understood them. It happens monotonously regularly: most recently in Denmark.

It has been reported that Danish higher education minister Charlotte Sahl-Madsen is trying to make universities more responsive to the demands of business. She wants to encourage students to choose courses better suited to a job in the private sector and to limit the numbers taking degrees that are less in demand by employers. This is her wish list:

* More business-oriented and professional first degrees.
* The development of strategically prioritised areas.
* Greater involvement of business in higher education programs.
* Better transfer from business education to higher degree training.
* New one-year masters degrees.
* Honours degree for exceptionally gifted students.
* Centres of excellence in research offering élite courses.

It all sounds depressingly familiar. Universities Denmark, the national rector's conference, has not yet published a response to the Sahl-Madsen report, but it is expected to be negative.

Three Different Cultures

The motive behind Government is the exercise of power; the motive behind Business is to make a profit; the motive behind Universities is the search for and the imparting of truth.

If all three cultures stick to their knitting and do it properly, the nation will flourish. A good government will bring justice and peace to its people; good businesses will make the people prosperous; and a good university system will help to create a civilisation.

But if any of the three interfere too much in the affairs of the others, things don’t go well.

Take Denmark. Danish universities gave us Soren Kierkegaard and Neils Bohr. Danish business gave us Wind Farms, Lego and the best cheese in the world. Do the wind farms and Lego and the cheese makers need Kierkegaard and Bohr? Would the world be a better place if Kierkegaard and Bohr had done an MBA instead of Existential Theology and Nuclear Physics?
The root of the problem is that governments do not understand universities. Universities cannot be like businesses because it is not in their nature:

- They are interested in abstract ideas
- Their membership is composed mostly of school leavers
- They own extensive libraries, museums, galleries
- They are created by Acts of Parliament
- They overthrow regimes
- They publish their discoveries (so does Google)
- They have anarchic cultures (again, so does Google)
- They regard the CEO as the first amongst equals
- They make most of their important decisions below the level of their governing body.

They are most certainly not like businesses.

To understand a university properly we should note that they are like self-assembling molecules, and are therefore chaotic, inner-directed, uncontrollable and indestructible. Many times tyrants have tried to close them down, but they merely go underground where they can outlive their enemies. Many times benign governments have tried to turn universities into businesses and failed.

The idea of the modern university was created by the students of Bologna and permitted by the Bishop of Bologna in 1088. The central idea has not changed in the last 923 years and it is unlikely that any government will ever be able to make a difference to the core.

I agree that the contemporary university at its periphery is becoming more business-like, efficiencies have been made, costs have been cut. But no government should think that because the universities have become more business-like, that they have become like business. They have not.

Governments insist that they owe it to the tax payer to interfere in the life of the university. They want to know that the tax payer is getting value for money. Well in my view they are. The tax payer gives us a few billion dollars and we give them a civilisation. There is no other government activity that creates so much value.

**Postscript**

The Danes do have an interesting way of funding universities. Unlike Australia, where we are funded according to the number of students enrolling; in Denmark they are funded according to the number of students graduating. Now that could be worth looking at!

* Giles Pickford is a retired university administrator and is currently the Secretary of the ANU Emeritus Faculty, the faculty of the retired staff - www.anu.edu.au/emeritus

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