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Universities as Specific and Incomplete Organisations? New Theories of 'Universities as Organisations'.

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1. Introduction

Governance, frequently combined with instruments of New Public Management (NPM), has become a frequently used concept meant to characterise recent reforms of steering higher education systems and managing higher education institutions. Seen from an international perspective a considerable number of scholars in higher education research, political science, sociology, business administration, education, and public administration have analysed these reforms and their impacts on higher education systems and higher education institutions (e.g. Amaral et al. 2002, Benz 2004, Ehrenberg 2004, Maassen 2003, Mayntz 2004, Schuppert 2005, Kehm/ Lanzendorf 2006, Jansen 2007). Governance approaches and NPM are parts of a reform agenda targeted to modernise higher education institutions (as part of the public sector). In this framework higher education institutions are expected to react better and more flexibly to societal and economic needs in the emerging knowledge societies. However, it is not intended in this contribution to explain the meaning of governance and what kind of problems might arise from it. Rather the contribution intends to analyse some of the new theoretical approaches in this context and develop some thoughts about their strengths and weaknesses.

2. From Being an Institution to Becoming an Organisation

In the field of sociology the concept of 'institution' is interpreted in very different ways, but generally it can be understood as a system of rules and regulations with normative validity which determines the social behaviour of individuals and groups (cf. Esser 2000). Furthermore, institutions can also be defined as fixed establishments, like public authorities or the family. Berger and Luckmann (1967: 59) defined the concept of 'institution' in a broader way as "habitualised action of types of actors". For a long time also higher education institutions were regarded as institutions with a system of rules defined by the state and the habitus and norms of academic practice and rituals. Neo-institutional approaches which emerged from the mid-1970s onwards started to analyse also non-formal institutions next to formal ones. Pellert (1999) and recently also Meier (2009) have provided detailed analyses about universities becoming organisations in their works and have tried to answer the question why European policy reforms of the past ten to 15 years or so have aimed at changing the universities from being an institution to becoming an organisation. Here are the main arguments for these changes:

- State regulated higher education institutions seemed to be too inflexible in order to react quickly and effectively to new demands and challenges. What

followed was a withdrawal of the state from detailed regulation and control, thus granting higher education institutions more leeway for their own decisions and actions and a shift from input and process control to output control (management by objectives and results).

- Increasing difficulties of mass higher education systems to rely solely on state funding required an opening up for other potential sources of funding.
- The funding crisis became intertwined with a crisis of trust in the quality and efficiency of institutions' performance. State funding was provided increasingly on the basis of measurable indicators.
- The call for distinctive institutional profiles and more competition was supposed to trigger a process of institutional differentiation which at the same time had to be managed by the institutions themselves (vision and mission statements, branding, marketing, ranking positions, etc.).
- Policy formulation and agenda setting, also by international and supra-national agencies, increasingly influenced national higher education policy so that the modes of coordination changed between higher education, state, and society.
- Growing expectation regarding the role of universities in the emerging knowledge societies in terms of knowledge production and knowledge dissemination or transfer required a further opening of higher education to new stakeholder groups.

It was hoped that the development of universities towards becoming organisations with more autonomy and professional leadership would provide opportunities to solve the problems listed above or at least getting them under better control. In an economic perspective organisations are groups of persons following a common goal. Members of an organisation either follow the specific rules of that organisation or they end their membership in it. Furthermore, organisations establish a border or demarcation line between themselves and their environment and as corporative actor form relationships with other actors and their environment. Compared to institutions organisations are more dynamic and characterised more strongly by division of labour and hierarchical coordination.

Still, as a rule universities exhibit features of both organisations and institutions. As institutions they are societal establishments generating and transmitting knowledge, as organisations they are a unit comprising teachers, researchers, students, administrative staff, and leadership who cooperate with each other through a division of tasks. Analyses in the field of organisational sociology at the beginning and in the mid-1970s characterised higher education institutions with catchwords like "organized anarchy" (Cohen/March/Olsen 1972: 1) or "loosely coupled systems" (Weick 1976: 1). However, the explanatory models linked to these catchwords became more and more unsatisfactory after the reforms of recent years because these reforms had been aiming to increase transparency, efficiency and tighter coupling. New attempt at theorizing about universities as organisations followed. In the following five such attempts which are currently discussed widely will be introduced briefly. The overview does not claim to be comprehensive.

3. New Theoretical Approaches

3.1 Universities as „Specific Organisations"

In her highly acknowledged article about universities as „specific organisations" Musselin (2007: 63) refers to the earlier arguments of Cohen, March,

and Olsen (1972) on the one hand and Weick (1976) on the other. The organisational specificity of universities is explained by the loose functional coupling of scholarly activities in teaching and research, i.e. carrying out research and teaching needs little cooperation and coordination and their unclear technologies. Therefore it is difficult to establish causal relationships between academic tasks and results. For the process of becoming an organisation this means that there is a problem because a formalisation of structures and processes can neither influence academic behaviour vis-à-vis the organisation nor can a hierarchisation of power relationships be achieved. At most a formalisation of structures and processes can have a legitimation function. Thus, the effects of such a formalisation aiming to turn universities into organisations quickly reach their limit. Therefore, Musselin characterises universities as "specific organisations (Musselin 2007: 63) because typical managerial practices deriving from organisational theory in business administration do not work well in the face of academic norms, traditions and rituals and due to the fact that the academic profession identifies more strongly with their respective discipline than with their respective institution.

3.2   Universities as "Incomplete Organisations"

In their analysis on constructing organisations in the public sector, Brunsson and Sahlin-Andersson (2000: 722) have characterised higher education institutions as "incomplete organisations". In order to achieve organisational actor status they need a clearer contour in terms of hierarchy, identity, and rationality. Hierarchy means a clearer tailoring of power and control (for universities this implies a strengthening of leadership and a weakening of traditional collegial decision-making bodies). Identity means a distinct profile and a tighter coupling of organisational units, and rationality points to the efficiency and effectiveness of internal decision-making processes. Unfortunately this theoretical approach still lacks a convincing empirical grounding. In the meantime it can be safely assumed that all three factors have already been implemented in most European higher education systems (due to new forms of managerial governance and NPM). Therefore, the question is at which degree of hierarchy, identity and rationality does the shift from an 'incomplete' to a 'complete' organisation happen?

3.3   Universities as "Managed Organisations"

The US American higher education researcher Gary Rhoades has analysed the relationship between management cultures and academic cultures at US universities and came to the result that these two cultures are incompatible. The more professionalised and the more numerous institutional management becomes the higher is the loss in terms of self-regulation and workplace satisfaction among the members of the academic profession. The latter become "managed professionals" (Rhoades 1998: 78) and see themselves confronted with new work tasks and changed career paths. In his argument Rhoades goes as far as saying that with the increasing power of the management a corporatisation of the university takes place and that this is an indicator for academic capitalism (cf. Slaughter/Leslie 1997). With regard to this perspective it should be noted critically that the shift in power relationships is not a pure zero sum game. What the organisation is winning through its managers and its being managed is not automatically a loss for the academic staff. It is necessary to keep in mind the importance of peer review processes and the role

of scientific elites. The phenomenon of a change in the form of steering is therefore more interesting than observing and measuring losses and increases in power.

3.4   Universities as "Actors"

In his doctoral thesis, Frank Meier (2009) has analysed whether in the process of German universities becoming organisations they acquire a status of actorhood, because this is exactly the goal or organisational reforms in recent years. There have been many debates about the question whether the growing autonomy of higher education institutions constitutes a constraint for the autonomy (in terms of academic freedom) of scholars and scientists. There are no convincing answers as yet to this question. Furthermore, more autonomy for higher education institutions is linked to conditions: The institutions are supposed to react more flexibly and efficiently to the demands and challenges from their environment. Evaluation, performance or goal agreements, accountability and other measures determine the indicators which measure ex post the extent to which the set targets have been achieved. Recent governance research has often posed the question about the actual effects of these organisational reforms. And many results have shown that the effects are much smaller than originally expected (cf. Leisyte 2007). In his reconstruction of higher education reform discourses in Germany after 1945, Meier succeeds in demonstrating that the growing accountability of universities with regard to their achievements and performance as well as the construction of "responsible actorhood" (Meier 2007: 242) have led indeed to the emergence of a model of organisational actorhood. A contributing factor to this development is seen, in particular, in the increase of competitive pressure among universities. However, Meier also emphasizes that higher education institutions do not follow a 'normal' model of organisation in the sense of a private sector company but have to be characterised as 'specific' organisations (in the sense of Musselin).

3.5   Universities as "Penetrated Hierarchies"

A group of European higher education researchers has recently offered the hypothesis that higher education institutions have become "penetrated hierarchies" (Bleiklie et al. 2011). Not only have the institutions strengthened their relationships to their environment, but the environment has increasingly moved into the institutions, in particular in form of network activities, through membership of external stakeholders in governing board, and (at least in some European countries) the appointment of external vice-chancellors. However, Bleiklie et al. argue that the increase in network structures in which not only the organisation itself is involved but the members of the academic profession as well, leads again to loose coupling and anarchic decision-making processes and thus counteracts to some extent the tighter and more hierarchized integration effected by management approaches. The 'penetration' of hierarchic intra-organisational structures by horizontal inter-organisational networks prevents the convergence of universities into a coherent model of organisation. The growing importance of network governance (cf. Ferlie, Musselin, Andresani 2008) implies that relationships of power and influence do no longer exclusively reign within the organisation but are also constituted by through formal and informal networks with national and international partners. Thus the border or demarcation of an individual organisation is cut through and power relationships are reconfigured.

4. Basic Paradigms

The question remains which theoretical models can frame best the idea of higher education institutions as organisations. While Meier (2209: 237) relies predominantly on sociological neo-institutionalism complemented by theories of action of corporatist actors, systems theory and governmentality studies, two other groups of researchers have recently undertaken further attempts at theorizing the question of how universities can become organisations. In addition, their work is characterised by international (European) comparison. These approaches will be briefly introduced in the following.

4.1 European Comparison of the Transformation of Universities

In the framework of a European project consortium analysing the transformation of universities in Europe (TRUE) the central question is in which way new forms of steering and governance influence essential organisational features of universities. The analysis is based on three hypotheses which will be verified (or falsified) through empirical data (cf. Bleiklie, Enders, Lepori 2008). The hypotheses reflect three different and incompatible perspectives on universities and are based on three basic assumptions about the characteristics of universities as organisations.

(1) The *universalist* perspective sees higher education institutions as "specific organisations" with a high degree of autonomy vis-à-vis the state and loose internal coupling (cf. Musselin 2007). Both is necessary in order to produce excellence in teaching and research. According to this perspective empirical validation is needed whether the loss of autonomy through stronger external steering and a tighter internal coupling through managerial governance leads to a loss of quality in teaching and research.

(2) The *instrumentalist* perspective sees higher education institutions as organisations like other kinds of organisation. Accordingly, the institutions are currently in the process to develop into complete formal organisations (Brunsson/Sahlin-Andersson 2000) through tighter internal coupling, a strengthening of organisational leadership, shared goals, and management structures able to achieve these goals or facilitate their achievement. Such a development is regarded as unavoidable for the modernisation of higher education in the emerging knowledge societies. Basically, an empirical validation of this perspective would be an examination of the well-known rational choice theory based on the following causal relationship: If universities are confronted with higher expectations in terms of their output, their efficiency and their accountability, then policies should be implemented which increase the likelihood that these expectations can be met in order to be successful as an organisation.

(3) The *institutionalist* perspective sees universities as organisations the essential characteristics of which are constituted by values and normative expectations. It is therefore of great importance that changes do not undermine the legitimacy of and trust in the institution (Olsen 2007). An empirical validation of this perspective should be able to prove that the success of particular organisational forms does not depend on the forms as such but rather on their proper institutionalisation. This is because only those forms can be successful which are regarded by the members and stakeholders of the organisation as representing and upholding the norms and values of higher education institutions.

4.2   Public Sector Reforms

The second group of basic paradigms that will be introduced here was also developed in the framework of a European group of researchers (Ferlie, Musselin, Andresani 2008) and is the result of theoretical work on the "grand narratives" (cf. Lyotard 1979) of public sector reforms in general and higher education reforms in particular. Similar to Bleiklie, Enders, and Lepori (2008), the authors come to the conclusion that there are three 'grand narratives', namely New Public Management, Neo-Weberianism, and Network Governance. The authors emphasize that the term 'grand narratives' was chosen intentionally with reference to Lyotard because all three of them do not represent a purely analytical framework but also include technical, political, and normative elements (Ferlie, Musselin, Andresani 2008: 334). Furthermore, the authors do not focus on universities as individual organisations but on the systemic reforms and policies aimed to modernise higher education institutions as part of the public sector and turn them into organisational actors.

(1) The *New Public Management* narrative relies on markets or quasi-markets instead of planning and hierarchies; on measuring performance, monitoring, management and audit systems instead of collegial self-regulation; on a powerful and entrepreneurial management instead of an interplay of administration and profession; and it is focused on efficiency, value for money, and performance instead of democracy and legitimation. NPM is based on ideas derived from organisational economy (for example, the principal-agent theory) and thus provides the main instruments for a tighter coupling and a stronger hierarchization which are in the foreground of the instrumentalist perspective on universities as organisations (cf. Ferlie, Musselin, Andresani 2008: 335f.).

(2) The *network governance* narrative (ibid., 336f.) developed in reaction to two problems. On the one hand the transaction costs of the NPM approach were very high; on the other hand the complexity of the change processes could not be managed with an NPM approach. Network governance includes a higher number of actors, it emphasizes lateral instead of vertical forms of management and a decentralisation of power. Networks develop abilities for self-organisation and self-governance through the interdependence and interaction of the network partners and are able to produce complex goods (like, for example, knowledge or education). Finally, networks are a coordination instrument for the steering of collaborations, consortia, and strategic alliances. Examples from the higher education sector are LERU, the League of European Research Universities, Universitas 21, a global network of research universities for the 21st century, or at a national level, the British Russell Group universities. Whether in such networks, especially the European or global ones, national state control is still possible must remain an open question for the time being. Furthermore, it will be necessary to analyse whether this narrative correlates with the universalist perspective as developed by Bleiklie, Enders, and Lepori (2008).

(3) The Neo-Weberian narrative (Ferlie, Musselin, Andresani 2008: 338ff.) is characterised by the authors as democratic revitalisation of a rule of law based on proper procedure and rationality. The narrative combines traditional Weberian elements, like the role of the state for the solution of societal problems, the importance of representative democracy, and the idea of public service with elements like orientation to the needs of citizens, consultation,

modernisation of laws, and professionalization of public services. In addition, there are forms of decentralisation to the regional and local level. Although this public policy approach is more visible in France and the United Kingdom, the effects of the German reform of federalism (in 2006) have brought about similar developments and similar impacts on the German higher education sector. However, for the time being it must remain an open question in need for further analysis which relationship the Neo-Weberian narrative has to the institutionalist approach as offered by Bleiklie, Enders and Lepori (2008).

All three narratives show that further research on these issues will not produce answers to the open questions if it is based on only one of these approaches, narratives or theories. Structures, systems and ideologies have to be taken into consideration at the same time and on various levels. In the following a few concluding thoughts.

5. Concluding Thoughts: Strengths, Weaknesses, Open Questions

Organisational theory approaches in the field of higher education research suffer from the tension of being in the midst between rational choice theories (management) and institutionalist or neo-institutionalist theories, the latter prioritizing the normative system of rules of the university as institution or at least assuming its persistence. The change towards becoming an organisation that has been set in motion is confronted with the persistence of the institution. It can be assumed that in the meantime hybrid models have emerged which are better to analyse with an interdisciplinary approach than with an approach based solely on organisational theory.

Still, the question remains what a 'normal' model of organisation actually is. Is it the model of private sector companies or the corporatist model? Are there other models of organisations, and is there a model that perhaps fits the university better than hierarchical management models derived from the private sector with tight coupling or the NPM models derived from public sector reforms? Last but not least: Do the dominant models or the 'normal' model of organisation fit the university at all? Up to now research on the effects of new governance on universities turning into organisations has shown that the typical instruments and policies do not always and not everywhere have the same effects and sometimes they have no effects at all. Often a superficial adaptation to the expected organisational behaviour is typical while on the micro level the traditional norms and values still persist and determine the action and attitudes of the actors. In other words we can observe a de-coupling of 'talk' and 'action'.

Therefore, it is impossible to develop theories on universities turning into organisations without taking into consideration what kinds of effects this has on the academic profession. In this context the actor centred institutionalism as developed by Mayntz and Scharpf (1995) might be helpful because it brings together theories of action and theories of organisation by assuming that the action of actors or configurations of actors is being structured by the institutional framework. But also the theory of structuration as developed by Anthony Giddens (1984) should be explored. Then the relationship between the organisation and its members can be put into the focus of research about universities turning into organisations. From various surveys of the academic profession we know that in most European countries the members of the academic profession identify more strongly with their respective disciplines than with their university. However, becoming an organisation does not

only require membership and tighter coupling but also shared goals, that is – in the words of Brunsson and Sahlin-Andersson (2000) – an identity which is not just formed by the profile of the organisation but also by a stronger identification of the members of the organisation with the organisation. So far we do not yet know which form of management will be needed and will be functional to achieve such identification. This opens new research questions for the future.

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