

## Academic managerialism; a Paradigm shift

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### Abstract

This paper is about some changes in public sector management that might influence management in academic sector. The principal goal of this paper is to examine how higher education has been affected by strong market forces, with particular reference to the cost of managerialism in education. On the other hand, the paper tries to explain major schools of thought in managing academic sector and challenges of academic workplace. Then, the researchers explain the paradigm shift to post Bureaucratic public management and educational development. Finally, some ethical considerations of academic managerialism are presented.

**Key words:** Public sector, Managerialism, Corporate universities

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## Introduction

Searching for better performance in the public sector, some fashionable terms such as “excellence”, “increasing competitiveness”, “efficiency”, “accountability”, “devolution”, and “self-managing schools” have been introduced and different strategies such as internal audit, quality assurance, performance pledges, management by objectives, strategic management, linking performance with outputs have been adopted to try to improve the efficiency and effectiveness of public services (felt, 2004; Pollitt, 1993). Education, being one of the public services, is not immune from the tidal force of “managerialism” and the prominence of “economic rationalism” (Beardwood, 2003).

Throughout the 1980s and 1990s, there have been substantial changes towards public sector organizations and management. A key aspect of this change has been the emergence of a 'new managerialism' which appears to have challenged many widely held and established principles and practices within the public sector. Not least, this new managerialism has been seen to pose a significant threat across the public sector to the traditional dominance of professionalism and professionals (Deem & Ozga, 2000; Cebenoyan, 2003).

Under the rubric of new public management (NPM), private sector management practices, underpinned by focus on entrepreneurship, efficiency and quality are imported into the public sector (Patrick et al, 2004).

In this paper at first we discuss different aspects of governments and markets, some definitions of professionalism and managerialism, introduce three models of managerialism. Then we continue with academic workplace, paradigm shift in management of universities, the rise of academic managerialism, types of governance model in higher education and some ethical considerations. By then we come to conclusion.

## Managerialism, professionalism and the government sector

The concepts of “professionalism” and “managerialism” are each used in different ways in debates around government service delivery and management of public resources.

"Professionalism" in the public sector refers, in a broad sense, to the nature of the beast itself as a collection of people engaged in management of public resources and, more narrowly, to the specific expert skills embedded in its workforce.

The term 'professionalism' captures the essence of the contemporary state bureaucracy as it developed in the industrial era. This is that public administration is an instrumental activity based on professional or technical expertise, neutral as to value or political choices.

One of the characteristics of a bureaucracy according to Max Weber was that applicants for employment are selected on the basis of technical qualifications. In its 'most rational case', this is tested by examination or guaranteed by diploma certifying technical training or both (Broadbent, 2000). So at a narrower level, professionalism produces notions that people with technical skills or knowledge about a matter should be the key drivers of service management.

The recognition in recent years that public policy should focus on government failure as much as market failure has led to greater questioning of traditional approaches. Critics have argued that traditional public systems are designed for the convenience of administrators and service providers, not customers (Flynn, 1999). Different approaches to public sector management have been developed to remedy this.

"Managerialism" refers, in a broad sense, to the development of management techniques perhaps developed in the private sector to the public sector (hence 'commercialization') and, more narrowly, to a focus on general or strategic skills rather than technical skills as key attributes for managers.

Managerialism can be seen to be one response to state bureaucracies having lost the plot. At a broad level this term can reflect the process of commercialization.

But Managerialism is part of a wider process of reorganization of the capitalist state; that is linked to the developments in the post-modern state, variously described as 'post-bureaucracy', 'entrepreneurial government', 'virtual government', or 'contractualism' (Mc Kinnon, 2000). Entrepreneurial government is a term used for public sector institutions that constantly use their resources in new ways to heighten both their efficiency and their effectiveness (Halt, 2003).

Virtual government has been used to suggest that the state is becoming less physical, less uniform and less self-contained than the industrial state (Beardwood, 2003).

### **Models of Managerialism**

There is a key role for a particular style of public service management arising from the creation of smaller, less interventionist governments. This has been reflected in a global paradigm shift in public service management from administrative to managerial values (Rhoades, 1998). The need for public servants to adopt private sector principles and practices in order to pursue a results-oriented approach has been hailed as a panacea listed the key elements of this approach as:

- hands-on professional management in the public sector, 'letting managers manage';
- explicit standards and measures of performance;

- managing for results;
- desegregation by breaking up large entities into corporative units around products and interacting with each other on commercial lines;
- a related shift to competition in the public sector, such as contracts and public tendering procedures;
- adoption of private sector styles of management practice, such as HRM; and a more frugal approach to resource use (Hood , 2000) .

Management practice reveals at least two distinct approaches which are often intertwined; following these are labeled 'market-driven' and 'liberation' management (Braun, 1999; Feleming & Lafferty, 2001; Orchard, 1998).

### **Liberation Managerialism**

Liberation managerialism is marked by the elimination of 'red tape' (Pollitt, 1993). Managers are given room to maneuver and the freedom to become entrepreneurial (Roberts & Jones, 2005). This aspect of managerialism represents liberation for managers from bureaucratic impositions and is seen as a beneficiary of the wider economic and political transformations which have dismantled the Keynesian welfare state and deregulated the labor market in many western countries. According to this view, "visions, missions, leadership by example, intensive communication processes and thorough attention to the realm of symbols are the mechanisms for creating the cultural conditions which mobilize and harness enterprising energy" (Neumann & Guthrie, 2002). At its core are commitments to 'excellence' and 'quality' as well as providing leadership through the transformation of culture.

### **Market-driven Managerialism**

Market-driven managerialism is underpinned by the belief that competition will create efficiencies, lower costs and improve performance levels. There are a number of economic theories such as public choice theory, transaction cost economics and agency theory which underpin this model. Agency theory suggests that public sector managers have different interests to those of the government and citizens. They demonstrate an inherent tendency to be deceitful in order to promote self interest. This results in 'empire building' and hoarding of power, income and perks which contribute to continually expanding hierarchies on the brink of bureaucratic failure (Holt, 2003). These economic theories portray managers being at the core of the problem by "theorising dishonesty and cheating by managers".

Agency theory offers two responses to these problems which can be readily applied to the public sector and which sound remarkably like the nostrums of managerialism. The first is to improve information flows to

the owner through performance indicators, improved financial accountability, and greater specification of objectives. The second response is to open up internal operations to tendering so that managers are constrained to minimize costs. (Davies & Thomas, 2002). Thus, a series of techniques to curb managerial power through the discipline of the market are pivotal to government reforms; these include auditing, performance appraisals, short-term contracts, targets, and the increasing use of competitive tendering and contracting out (Lippi, 2000).

### **Neo-managerialism**

Increasingly, e-government is sometimes described as the second revolution (following managerialism) transforming the public sector across both developed and developing nations.

Within these years it will transform not only the way in which most public services are delivered, but also the fundamental relationship between government and citizen. After e-commerce and e-business, the next internet revolution will be e-government.

Narrowly defined, e-government refers to the application of internet-based technologies to the commercial and non-commercial activities of government.

The potential impact of these changes on the organizational structures can be shown by what the OECD describes as the five major trends in e-government:

1. Models of horizontal (across governmental agencies) and vertical (across levels of government and economic sectors) integration being deployed to provide “one-stop shopping” to the consumers of government services. Service integration may apply at the point of delivery or systems may be totally integrated.

2. Service delivery systems that follow and are integrated with life events; e.g. the issuing of a visa as part of booking an airline ticket.

3. The availability of technology such as electronic commerce and associated secure technologies, automatic teller machines and the internet, create public expectations of service delivery not bounded by time or place.

4. Changing the nature and scope of relationships between government and citizens/clients/businesses.

5. Creating new forms of organization and requiring new management skills – virtual organizations and networks (Buch, 1993).

As with the shift to managerialism, the adoption of electronic technologies is associated with a shift from hierarchical structures to market transactions and a blurring of organizational boundaries.

At first glance, government would seem to fit better within the rubric of New Public Management much more than traditional public

administration, but, in practice, it may well be the case that these changes will reinforce bureaucracy (Hsu, 2006).

### **Challenges of Academic Workplace**

The socio-political changes of the past two decades have culminated in the adoption of “new management” strategies by universities. Academics are subjected to market discipline by proxy, their students have been transformed into consumers, and degrees have become products.

(Felt, 2004; Harley, 2004; Pollit, 1993). Education, being one of the public services, is not immune from the tidal force of “managerialism” and the prominence of “economic rationalism” (Mayer, 2002).

Universities and other institutions of higher learning now encounter far more challenge, and are subjected to an unprecedented level of external scrutiny. All providers of higher education today inhabit a more competitive world, where resources are becoming scarcer, but at the same time, have to accommodate increasing demands from the local community as well as changing expectations from parents and employers. In order to be more responsive to all these competing needs, an emphasis on “strong management” is introduced in the educational realm, with a fundamental paradigm shift to the notion of “economic rationalism” in running educational services (MOK, 2006).

There is a growing presence of corporate interests in education. Increasingly education is seen as a private “commodity”, not as a social institution. There is growing inequality in access to efficient education. Furthermore, there is a reduction in autonomy in the education systems. Academics are experiencing the effects of a worldwide shift towards a new work order.

Globally labor markets have become more flexible in spreading of part time jobs (Saravanamuthu & Filling, 2004; Simkins, 2000; Webster, 2004; 1995).

Although universities are workplaces in terms of the Labor Relations Act, they are workplaces of a special kind. Five distinct features of the university as a workplace were identified in 1995 (Roberts and Jones, 2005).

**Table 1: Comparing the academic workplace: 1995 and 2001**

	1995	2001
1	A degree of professional autonomy	Autonomy being eroded-becoming employees
2	Students as secondary stakeholders	Students becoming customers primary stakeholders
3	Academic locus of power in senate	Senate downgraded
4	Costly staff associations and a broad association of progressive academics	“Bread and Butter” academic unionism and wide spread apathy
5	Vice-Chancellors drawn from academics	Vice-Chancellors become corporate style professional managers-drawing on academic managerialism

Roberts and Jones, (2005, pp. 1845–1864)

### **Paradigm Shift to Public Management and Educational Development.**

As we mentioned earlier in the past two decades, there has been a fundamental change in the philosophy of governance from a “big government, small individual” to a “small government, big individual” creed. Intending to increase the efficiency and effectiveness of the public sector, governments have begun to engage themselves in transforming the way that services are managed (Flynn, 1999). Moving away from the traditional public administration paradigm to the “new public management” (NPM), a more transparent and accountable public sector, as well as a more effective control of work practices are stressed. Central to the NPM or managerialism are “economic rationalism” and “privatization” with far more weight attached to strategic management, controlling performance and continuous evaluation and economic rationality. With the rise of the “management-oriented” approach in the public sector, two trends are emerging: first, there are clear moves to reduce government involvement and provision in public services; and second, competition and control are repeatedly emphasized (Currie & Viodich, 2000; Pollitt, 1993; Hood, 2000).

Being affected by the strong tide of managerialism, we have now a different set of terminologies in the educational sphere. Students are no longer students but rather our clients; their admission is about access

instead of selection. The curriculum design encompasses cores and options from which students, as customers, can choose, rather than a fixed set of subjects. On the management front, collegiality is becoming less important; while “terms of the new discourse” are mission statements, system outputs, appraisal, audit, decision-making and control, strategic plans, cost centers, partnership and public relations (Pechar & Pellert, 1998).

The strong market forces have caused institutions of higher learning to re-orient themselves to be more sensitive to market needs; universities now are more concerned with employable graduates to suit the employers’ demands. Courses and curricula are “market-driven”, stressing their practical and applied value. When measuring results, we no longer look for educated graduates, but in fact, more attention is given to performance indicators and efficiency. With more importance attached to the “extrinsic” value of education, people now search for academic profiles and research output instead of how far students and staff have benefited from the educational process (Mok, 2006).

As resources and funds of individual universities are determined by their research output and employable students, institutions of higher learning have become more “cost-consciousness” (Robin, 2004).

By introducing competition to education, together with the adoption of a “customer-oriented approach”, different measures such as Total Quality Management, Statistical Processing Control, Employee Involvement, Processing Reengineering, and Just-in-Time Production have been adopted in both the private and public sectors to assure service quality (Braun, 1999; Rhoades, 1998). Such a “rationalization” process has caused many teachers to be sacked and schools to be closed because of their “uncompetitiveness” (Chandler & Clark, 2001).

### **The Rise of Academic Managerialism**

Writing in the United States in 1983, George Keller identified a range of challenges facing academic education ranging from a changing student clientele, new curricular demands, increased competition, finances, new technology, an ageing faculty, and the growing extent of external control and regulation. What was required, he concluded, was strong management (Amaral, 2003; Robin, 2004).

Colin Bundy, ex-vice chancellor of the University of Witwatersrand summarized the institutional innovations introduced in university management in North America and the United Kingdom in the 1980s:

- The creation of a strategic plan
- The establishment of new organs of decision making that brought together the university executive, key administrators and senior academics



- A shift towards stronger leadership power at the center
- Decentralized budgeting, in which a block sum, would be allocated to basic units
- Closer collaboration with industry and commerce
- Technology became an integral part of management
- An explicit training programmer for managers and administrators (Webster, 2004).

In the 1990s organizational theorists have argued that there has been a paradigm shift towards post bureaucratic forms of organization. This is captured in the diagram below

**Table 2: A Post-Bureaucratic Organization**

OLD	NEW
Stability	Disorganization/Chaos
Rationality	Charisma, Values
Planning	Spontaneity
Control	Empowerment
Command	Participation
Centralization	Decentralization
Formal	Informal/Flexibility
Large	Downsized/Delayed

(Ntshoe, 2004:167)

In practice, the neo-liberal agenda influenced more powerfully university management than post- bureaucratic theory would suggest.

Paul Hoggett argues that in Britain three fundamental but inter-linked strategies of control have been implemented in universities over the last decade,

- First, there has been a pronounced shift towards the creation of operationally decentralized units with the simultaneous attempt to increase centralized control over strategy and policy.

- Second, the principle of competition has become the dominant method of coordinating the activities of decentralized units.

■ Third, there has been the development of processes of performance management and monitoring.

Hoggett concludes that, taken together, these three strategies do not describe a simple movement from a bureaucratic to a post-bureaucratic form; rather they combine strong elements of innovation with the reassertion of a number of fundamentally bureaucratic mechanisms (Mayer, 2002).

### **Governance Models in Higher Education**

The analysis of governance systems in higher education has for quite some time been on the research agenda of higher education studies. A large number of attempts to develop useful typologies of governance systems have been proposed in order to deal with the inter-country variation and the complexity of national governance arrangements in higher education. Among the first and most often cited ones is Burton Clark's triangle which has been developed before the new managerialism began to conquer administrative action (Clark, 1998). According to Clark, advanced industrial countries have developed different forms of "co-ordination" of higher education which are located between three axes: a more market-like co-ordination (example: the USA), a more state-induced co-ordination (example: the USSR and Sweden) and a form of co-ordination which is based above all on the rule of the academic oligarchy (examples Italy and the United Kingdom). Often countries show a mix of all three dimensions.

Clark does not develop clear criteria for classifying the countries in question but it is evident that he is arguing in terms of power relationships between the state and the academic community: In Sweden, for example, the state had administrations within universities to act according to its own will (a more balanced model between state and academic actors). In Italy universities were firmly in the hands of academics despite of strong formal powers of the state (Chandler & Clark, 2001). In countries where the state plays only a minor role and universities have to find multiple resources of financing their budget by competing and bidding, Clark uses the analogy of the market. Clark is of course referring to the United States, where the co-ordination of universities is seldom established by decision-making in political or in intermediate bodies which are controlled by the academic community.

Since the publication of Clark's oeuvre in 1983 several other typologies have been developed which referred to his triangle (Simkins, 2000; Fitzsimons, 2004 ). We do not intend to embark on a lengthy discussion of all the different aspects and methodological questions associated with these attempts of systematizing governance systems in higher education. Another prominent example will suffice for our purposes.

One of the most often quoted studies on governance of the last years has been developed by van Vught (1989). He reduces Clark's three-dimensional space of governance to a two-dimensional one and suggests differentiating between a state control model and a state supervising model.

The state control model, according to van Vught, is present in many European states. It is characterized by a strong authority of state bureaucracy on the one hand and a relatively strong position of the academic oligarchy within universities on the other hand. In this model we find a combination of a state interfering above all in order to "regulate the access conditions, the curriculum, the degree requirements, the examination systems, the appointment and remuneration of academic staff etc." (Felt, 2004). The academic community maintains a considerable authority in the regulation of internal university affairs in particular concerning the contents of education and research. More often than not, then, states are combining the two sources of power – state and academic oligarchy – instead of separating them. The weakest chain in this governance model is the internal university management and, thereby, the administration which is responsible for managing the internal affairs of the university. This governance system is driven by the double authority of scientists and state bureaucrats/politicians.

The "state supervising model" is to be found in countries with an Anglo-Saxon tradition and characterized by a weaker authority of the state bureaucracy. In this case the authority is divided between a strong academic community and the internal administration of universities. Typically one finds a stronger position of deans, university presidents and the administration in comparison to most European universities as well as a considerable influence of the board of trustees. The state influence remains remote. "The state sees it only as its task to supervise the higher education system, in terms of assuring academic quality and maintaining a certain level of accountability. Government does not intrude into the higher education system by means of detailed regulation and strict control" (Lippi, 2000).

Van Vught discards the category of the market as universities do not function according to the logic of a market but rather to the logic of a quasi-market where government always plays a certain role (Hood, 2000). The governance model is, according to van Vught, better described by a power game between three different levels of actors: state actors at the top level, intermediary organizational actors and the academic oligarchy at the bottom level as well as by a general philosophy of government intervention.

Both models elaborated here are insufficient to grasp the recent changes in governmental governance strategies: van Vught is reducing governance

to the role the state plays in the governance of universities: either it is a strong role and then we have the European state control model or it is a weak role and then we find the Anglo-Saxon type. He cannot account then for differences between the governance system of the United Kingdom and the US. They both belong to the supervisory state model. If one retains Clark's distinction one can see that the United Kingdom has lacked, for example, for a long time the market mechanisms that have influenced the higher education system in the USA. This is why Clark is speaking of a "collegium model of governance" in the United Kingdom. Evidently the governance model by Van Vught is not differentiating sufficiently and we should not exclude the market dimension from the analysis.

Neither Clark nor van Vught seriously attempts to integrate the new managerialism as a new governance model different from existing governance models. This is understandable when it comes to Clark who designed his triangle in 1983. Though van Vught is speaking of a "supervisory state model" which in many aspects comes near to what we understand by the new managerialism model, he does not see this model as a shift in the belief system of governments nor as a shift in the governance of universities but as a model which has always existed in Anglo - American countries.

In order to evoke the differentiating characteristics of the new managerial governance model in comparison with other governance models it is useful to distinguish between three analytical dimensions constituting governance models in higher education.

Robert Berdahl proposes to discern two dimensions of institutional autonomy, a substantive autonomy and a procedural autonomy. Substantive matters of universities are referring to the right and authority to decide on goals and programs or, in other words, on the question what to do in order to fulfill the different academic functions of universities (research, teaching, patient-care). Procedural matters concern the question how to do it, thus specifying the means, the organization, the distribution of resources and the instruments of university action, the "institutional management" (Ntshoe, 2004).

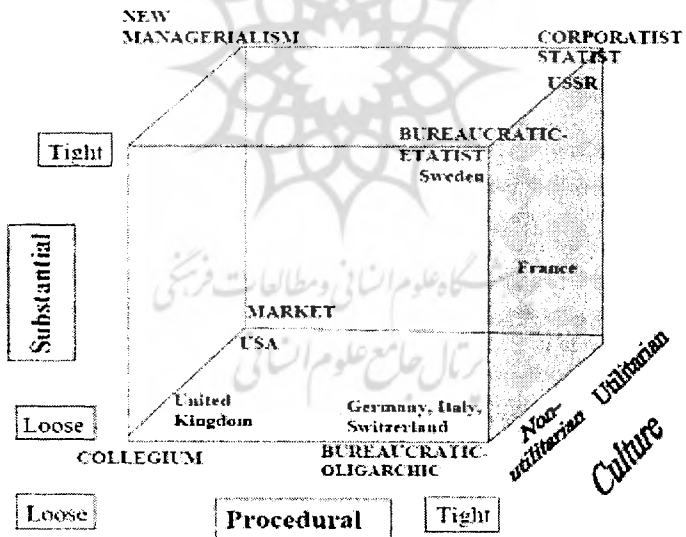
The distinction between the substantive and procedural autonomy of public service institutions in general and of universities in particular is helpful if we want to include the new managerialism into an encompassing heuristic device of governance models but it does not suffice. It helps to distinguish between different ways of institutionalizing (non-)state intervention within public service institutions (the policy dimension) but it does not take into account fundamental differences in the political culture of countries concerning the role higher education systems should play as part of the public service system.

The result was a different internal organization of universities. The basic difference in the governance of higher education has, therefore, since long been the division between countries with a utilitarian culture and those with a non-utilitarian culture.

If we use these three dimensions we arrive at a cube of governance in higher education which mixes governance models mentioned by Clark and van Vught and the new managerialism model. I distinguish between a tight and a loose administrative control of universities by policy-makers (procedural dimension) and a tight and loose goal-setting capacity of government in matters of education and research (substantive dimension). Countries have been situated according to Clark's (1998) suggestions. Not all logical possibilities are filled in, though it is not excluded that we may find cases.

The "cube of governance" demonstrates where we should locate the new managerialism as a mode of governance among others in higher education systems: It demonstrates affinities – stemming from the science of industrial management – with a utilitarian culture (service and client-orientation); it refuses tight procedural and hierarchical

Figure 1: Governance Models and Selected Countries in 1980



Felt (2004:231)

management by political authorities and favors instead institutional autonomy in managing financial and organizational affairs; and it

encourages a stronger role of government in developing substantial guidelines for institutional action instead of leaving academic affairs to the academic community. This combination of the three dimensions is

**Table 3: A Comparison of Three Governance Models in Higher Education**

	Bureaucratic-Oligarchic	Market	New Managerialism
<b>Risk of Moral Hazard in Academic Affairs</b>	High > lack of politically defined goals	Low > Market as adjustment mechanism; lack of politically defined goals	Low > as moral hazard should be avoided due to contractualization and output control
<b>Transaction Costs in Defining the "Terms of the Contract"</b>	Low	Low	High
<b>Transaction Costs of Control</b>	High > financial control of institutional management; input control	Low > Market as adjustment mechanism	Very High > concerning academic affairs, if not market as adjustment mechanism; Very Low > concerning the institutional management
<b>Mode of Steering</b>	Hierarchical and financial steering of institutional affairs	Steering by Market	Steering from a "Distance"
<b>Problems</b>	"Hidden Action" Autonomization Collegial Coordination and Administrative Constraints	Market Failures Evolutionary and Uncontrolled Development	Under- or Over-Specification of Objectives "Tribal Warfare"

Amral, (2003:  
....

unique in comparison with the other governance models discussed by Clark. The new managerialism can, therefore, be regarded as a governance model in its own right which has come to the fore since the 80 s.

### Strengths and Weaknesses of the New Managerialism

It should be stressed that the "ideological belief system" of the new managerialism is not a coherent and unified body of thought. Derived mainly from the science of industrial management, various economists and organizational scientists have worked on it and underlined different aspects. Ferlie et al. (1996), for example, identify four mainstreams in the new public management. Despite variations, one can contend that there is an undercurrent common to all mainstreams which grounds the new managerialism in the ideological framework of economic thought (by emphasizing, for example, efficiency, effectiveness and market behavior), transaction cost theory (contractualization and institutional autonomy

instead of old financial control and guidance) skeptical visions on state intervention and the role of the public sector (reduction of the public sector, decentralization; the state who moderates instead of the planning, expanding and interventionist state), and postmodernist thought (empowering, and self-regulation instead of hierarchical powers) (Clark, 1998).

Within Amaral (2003) this undercurrent, then, the mainstreams are accentuating different aspects, among them the introduction of "management by objectives, value-for-money, stronger hierarchies within public service institutions instead, in universities, decision-making powers of the academic guild, the professionalization of the management of public service institutions; more customer-orientation; management by contract; development of a corporate spirit; quality management; evaluation and learning processes" (Amaral, 2003). One can pretend that there may be quarrels among the disciples of the new managerialism when it comes to questions of how exactly and by what kind of instruments the basic norms should be implemented but that there is a relatively strong consensus concerning the core aspects of the theory.

If one wants to understand the rationale of policy-makers and administrators to introduce the new managerialism as an alternative to existing (Trow, 1998), models, one should resort to the concept of "transaction costs" and "principal-agent" (Buch, 1993; Braun, 1999). Transaction costs are costs arising in relation to the set up, implementation and control of contractual relationships between a customer and a contractor. The principal-agent concept describes likely problems of the delegation of specific tasks from a customer (the principal) to a contractor (the agent). The main problems involved are moral hazard (i.e. the agent does not fulfill the function in the way the principal would like to and he conceals it) and adverse selection (i.e. the principal is contracting an agent without having sufficient information of the qualities of the agent). Both possibilities require a considerable degree of control if the principal wants to be sure that the agent fulfils his functions in the best way and with the most rational means.

Table 3 summarizes the main differences between the three governance models in terms of transaction costs. The new managerialism does not demonstrate unequivocal positive results with regard to transaction costs and in comparison to the two other models: Apparently, the transaction costs of the market model are low as long as the government does not engage in a laborious effort of stipulating academic goals or financial control. The other side of the coin of the mode of steering by the market is the lack of instruments to avoid market failures stemming from the uncontrolled competition of universities.

The bureaucratic-oligarchic model causes high transaction costs which are limited, however, to the (financial) control of the institutional management of universities. The granting of a "state-free" area of academic action in this model may result in the moral hazard of academics who promote their own interests and not the general interest of the higher education system. These "hidden actions", which cannot be avoided given the lack of policy goals and evaluative measures, are evidently the weak point of the model. But there are others, like a likely autonomization of university institutes and chairs, the apparent ineffectiveness of the collegial co-ordination in faculty boards, and the limited room to maneuver for academics due to the old financial regime of resource distribution in universities.

The new managerialism has assumed the task to reduce the ineffectiveness of the bureaucratic-oligarchic model and the lack of political steering of the market model by specifying the "terms of the contract" between policy-makers and universities. This is done by stipulating general expectations and goals concerning higher education which are, then, fixed in contracts with each education institution. The set-up of the contracts raises the transaction costs of governments. In addition, it has ambiguous effects with regard to the moral hazard of academics: Certainly, the new managerialism aims at reducing the moral hazard by way of contracts (defining what to do) and the measurement of outputs (controlling how it has been done). In general, academics should therefore have a reduced room to maneuver "shirking". On the other hand, the new managerialism favors "steering at a distance", meaning that the goals stipulated in the contract are neither detailed nor "in depth". They should be general guidelines for universities. This "under-specification" of goal leaves, of course, plenty of room for interpretation, how political demands should be fulfilled and encourages therefore moral hazard. An "over-specification" of goals would be no solution as this would take each entrepreneurial spirit which is so dear to the disciples of the new managerialism. Moral hazard may therefore remain a problem within this governance model. In order to reduce the "moral hazard", criteria are fixed in the contract which operationalize the policy objectives and serve as benchmarks for a posteriori evaluation by internal and/or external reviews. This, of course, raises considerably the transaction costs for the control of academic action in comparison to the other modes of governance. This augmentation of transaction costs is somewhat compensated by a reduction of transaction costs in relation to the control of the institutional management. The reduction of moral hazard is therefore paid for by a considerable rise in transaction costs in matters of academic affairs which is only partly compensated by a reduction of costs for the financial and administrative control.



There is one other problem of the new managerialism which should be mentioned: Organizational constructs which grant a considerable freedom to their sub-units in dealing with affairs – this is the intention of the new managerialism – risk a "tribal warfare" "Tribalism in organizations generally results in resources being wasted in the pursuit of conflict, lost opportunities due to forgone opportunities for cooperation, or instability as each organization responds in a self-interested way to other sub-unit actions". In other words, the "quasi-market" model of the new managerialism in higher education may provoke similar effects as the pure market model, namely ruinous competition which in the end does not contribute to more welfare efficiency envisaged by policy-makers. This discussion highlights that, though the new model of governance has obliged itself to ameliorate the deficiencies of existing governance models and reduce the overall costs of the system, it very likely produces other deficiencies and costs (Lawrence, 2002).

### **The Cost of Managerialism**

We must be aware that managerialism is not merely a technology but, in fact, is an ideology which might lead to social and economic inequalities and significantly undermine social solidarity and integration (Rees, 1999; Fredrickson, 1999).

Displacing costs elsewhere and shifting responsibilities from the state to individuals, local communities and other non-state sectors, the particular "efficiencies" of certain services may be increased at human and social costs. As Rees (1999) rightly put, "costs endured by those subjected to managerialist practices include unemployment and associated poverty; part-time work and accompanying insecurity; stress, anxiety and loss of morale among employees; a persistent sense of powerlessness; and illnesses which may lead to premature death". More severely, when social, cultural and political problems are converted into merely technical or management problems, it may be that the complexity of the problems and the costs for human well-being have been overlooked and neglected (Holt, 2003). This is particularly true when too much emphasis is put on market principles and an economic paradigm. Education can then fail to fulfill the noble task of human development. In addition, the paradigm shift to emphasize market forces, deregulation, privatization, user pays, and best practice corporate styles "do not always produce optimum results" because "monopoly, imperfect competition and externalities all distort market outcomes" (Mok, 2006).

Education, unlike market commodities, is a human service and a public good, this being so, conceptualizing it solely as a market commodity may marginalize issues to do with morality and ethics, let alone doing justice to ensure traditional goals as equity in access and provision (Holt,2003).

Departing from such a philosophical debate, the practices of privatization and marketization in education have caused different kinds of practical problems which contrast the ideology of managerialism with requirements in curriculum, pedagogy and assessments (Patrick et al, 2004). Another cost to pay for managerialism is the risk to intellectual freedom. Making courses and curricula more market-oriented, the result is simply a restriction of professional autonomy in both pedagogy and curricula rather than a release of professional energy. To seek for survival may have forced faculty to venture into some popular fields or subjects to get publications accepted instead of choosing topics which are of academic significance but need more time for development. A strong sense of disempowerment is felt among those teachers who are forced to implement market-oriented programs by duly constituted authorities (Webster & Mosoetsa, 2004). Despite some evidence showing the benefits of the managerial approach adopted in education, it is not necessarily a strong argument for marketising education because the undertaking of which may have adverse impact on social, cultural and human development (Rees, 1999; Mok, 2006).

## **Conclusion**

The "efficiency-oriented strategy" teaches us the imminent dangers of a half-hearted implementation of the new managerialism. We might be confronted with immobilism because of two reasons: the first reason is the emergence of a "mixed" type of governance within universities where new executive bodies are established which are at the same time neutralized by existing representative bodies directed by the collegial principle of the academic community. The second reason is that the new managerialism might establish new co-ordination and decision-making structures on top of the existing ones instead of granting more freedom to the academic units with the effect that universities have multi-layered and complex decision-making structures, badly coordinated and inefficiently functioning. Academics are becoming "rational actors" pursuing their selfish goals in a competitive environment (Davies & Thomas, 2002; Braun, 1999).

Furthermore we have identified in this paper the rise of what we have called academic managerialism. Management is a vital part of the workplace and should not be dismissed simply because universities have been badly managed in the past. The efficient coordination of the work process, the need to motivate, monitor, and reward employees, the need for proper financial planning, budgeting, and credit control are a vital part of developing a productive academic workplace. When we use the term managerial-ISM, we are suggesting that the style of management is inappropriate, not that the university does not need good management.

Academic managerialism, for us, means that the university has uncritically adopted the discourse and logics of business to higher education and too readily accepted the "laws" of the market economy (Simkins, 2000).

It has not adequately recognized that distinctive<sup>119</sup> Academics, along other occupational groups, need to be accountable to society. Traditionally they have only been accountable to their peers. In some cases this has led to abuse and an "ivory tower" mentality. The need for reconstruction and development in our society requires that academics meet the demands to overcome the legacy of apartheid. This may mean spending more time with students and occupational culture of academics or the specificities of public sector institutions. We have suggested, furthermore, that academic managerialism has led to a demand overload. Faced by these conflicting demands many academics have become deeply pessimistic about their future in the academic workplace. Some are attempting to exit, either by leaving the university for the private or public sector, or by moving into managerial jobs in the university or full-time research posts. This is an avoidance mechanism and not a solution to the demands facing academics at the chalk-face. How widespread this flight from the chalk-face is, and how this trend could be reversed, requires further investigation. This is an acceptable and necessary demand. What is clear is that any solution to the demands facing academics in the changing workplace will need to take seriously the views of academics and be sensitive to the specific features of their occupational culture.

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