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## **Universities run for, by and with the faculty, students and staff**

Alternatives to the neoliberal destruction of higher education

**Susan Wright and Davydd J. Greenwood**

### **Abstract**

After analysing the organisational pathologies and societal ills created by the neoliberalisation of universities, the article engages in an organisational critique of the pseudo-business model currently in use. It poses as a solution the re-creation of universities as trusts, with a model of beneficiary ownership, a matrix form of organisation and renewed relations with society. For inspiration it looks to beneficiary-run organisations on the model of the John Lewis Partnership or the Mondragón University. The article explains why such beneficial matrix organisations are superior to current universities and how they offer an opportunity to recreate universities for the public good.

**Keywords:** beneficial organisations, cooperatives, neoliberalism, neo-Taylorism, public good, trusts

Universities have been subject to widespread change in recent decades. Reforms have ranged from the World Bank aiming to create ‘World Class Universities’ (Salmi 2009) to ‘Entrepreneurial universities’ (in Australia and New Zealand), ‘marketisation’ in the U.K. and ‘corporatisation’ in the U.S.A. and new forms of state steering to make universities drive a country’s competitiveness in the Global Knowledge Economy (OECD and EU). Despite this variety, these reforms have all generated similar major changes in who benefits from, or even owns the university; how the university is governed and managed; and relations between the university and society. There is a growing literature on how these changes have ‘ruined’ the

university (Readings 1997), put colleges up for sale (Shumar 1997), made universities corporate and corrupt (Washburn 2006), cheated students with broken promises (Brown, Lauder and Ashton 2011) and been a ‘Great Mistake’ (Newfield 2016). The aim of this article is to move beyond critique. It will discuss in turn the ownership of universities, their organisation and management and their relation with society, always framed within the question, ‘What is to be done?’

### **Part 1: Ownership**

The problem with the ownership of public universities is that it is often unclear. Universities UK, the organisation of vice chancellors, commissioned lawyers to investigate the ownership of British universities (Eversheds 2009). They found four main kinds of ownership, ranging from the oldest universities which are corporations, established individually through a charter from the crown or an Act of Parliament, to the newest which are companies limited by guarantees or limited by shares (Eversheds 2009: 11). They are public in the sense that they fulfil a public purpose, and, to a decreasing extent, are publicly funded. None are owned by or are part of the state. Yet in Eversheds’ view, the current law would allow an external interest to buy into a university or the managers to buy out ‘their’ university.

The report then provided vice chancellors with models that would enable the university to maintain its degree-awarding powers and its charitable (beneficial tax) status, whilst transferring the university’s assets to a new company where the managers had an interest, could raise capital on the stock exchange, and as one of the diagrams boldly states, ‘strip profit’. This report has to be seen in the context of the British market state, where successive governments have pulled up the ring fences around public and not-for-profit domains, and capitalists have acted accordingly to capture as many of the new resources as possible and claim the tax-payer funded, for-profit

operation of public services (Wright 2008). The Eversheds report said that all that was needed to privatise the ownership of universities was ‘political will’. This came with the Coalition Government (2010–2015), which facilitated the first purchase by a financial asset company of a university originally set up with a charter from the crown (Wright 2016). In 2010 it created a ‘level playing field’ between public and for-profit providers of higher education by removing most of the tax-payer funding of public higher education, tripling the students’ annual fee to £9,000 per annum and allowing students at for-profit as well as public institutions to access tax-payer funded loans to pay their fees (Wright 2015).

In the U.S.A., the neoliberals, starting with Ronald Reagan, mounted an all-out attack on public higher education, attempting to close the national Department of Education, emphasising individual state responsibility for higher education and creating neoliberal accreditation and accountability models to justify radical decreases in public funding for higher education. This has, de facto, made most state systems into beggars seeking subsidies, donor funding, corporate funding, patentable research and drastically increasing administrative overheads and driving tuition costs up at an unprecedented rate (Newfield 2008). The scene is likely to become even more bleak in the Trump era.

Such policies have been translated into business models for exploiting poorer and less well educated sectors of the population. New for-profit colleges sprang up in the U.K., one making of profit of £11m from student fees in the first year (Wright 2016). In the U.S.A., Congressional committees have taken Apollo in particular to task for aggressive selling to underqualified students, who would gain a Pell grant, pay their fees, then find that they could not keep up with the coursework. Such institutions wait until after the first flush of dropouts before deciding how many contracts they need for teaching staff.

Even in countries such as Denmark, where the government has waited until now to consider establishing private universities and student fees, and where public services and state assets have not been marketised to the same degree, the ownership of public universities is still dangerously ambiguous. The 2003 University Law changed the status of universities to ‘self-owning institutions’. This enables them to act as a person in law and enter into contracts with the state and other interests; and it makes the university responsible for its own solvency – it ‘owns’ the capacity to go broke. But with a very few exceptions, the universities were not allowed to own any assets – they rent their buildings from the state and do not own land, so are unable to raise mortgages or gain independence from the state’s tight control of their liquidity (Wright and Ørberg 2015). This reform led to a long dispute over the ownership of Copenhagen University’s properties, with the state eventually paying compensation for their appropriation. Under the law, the university then applied to become ‘self-owning with buildings’, but this was refused. The focus has been on ownership of university assets, but no one raises questions about who owns the institution itself, or its brand.

This kind of ambiguity over the ownership of public assets is not unusual in Europe. Klein (2007) points to the danger that at a time of crisis (what she calls the ‘shock doctrine’) private interests can quickly claim such assets, and later are very hard to dislodge. Even in fairly stable countries like Denmark, ambiguities over the legal ownership of assets mattered little whilst academics, students and administrative staff elected the decision-making bodies and executive leaders at all levels of the institution, but this form of governance was abolished by the 2003 University Law and replaced by top-down appointed leaders. Leaders were given the power to allocate tasks to academics, and successive governments have also made increasingly stringent demands on what is taught and how, so that academics’ autonomy has been curtailed. In such circumstances, who owns, or who *is* the university? Increasingly, university leaders claim to be

speaking not just *for* the university but *as* the university (Ørberg 2007). In the U.K., Birmingham University's senior management team conducted a SWOT analysis in which they identified academics as the main threat to the university. In Auckland University's charter, 'staff' (i.e. academics) feature as just one among twenty of the university's (aka the leadership's) 'stakeholder groups' (Shore 2007: 13). In a later dispute over the Vice Chancellor's strategy to change academics' conditions of service and increase student fees, Auckland students created an organisation called WATU, 'We Are The University' and marched with a banner which extended across the city's main thoroughfare. Such moves have impeded but not stopped the emergence of management elites who broker the university's relations with government and industrial corporations and who internalise government audit as a tool to manage staff. As their powers have increased and academics' status has eroded, a vast distance has developed between the senior management team and the rest of those who had hitherto been considered members of the university. In such circumstances, a moral hazard<sup>1</sup> looms: it is well-known in industry when managers appropriate the wealth of identified, profit-motivated, powerful shareholders. For example, in 2010, the U.K.'s High Pay Commission (2010) found that executive pay in FTSE 100 companies rose by 49 per cent, while their average employee's pay rose by 2.7 per cent. The High Pay Commission reported that executive rewards were often for failure, and that the argument that high pay was needed because of the international competition for talent was spurious, as only 1 FTSE 100 CEO had been poached in five years. The figures for universities are not dissimilar. Between the academic years 1994–95 and 2009–10, a top senior lecturer's pay rose by 18 per cent while the average vice chancellor had a 36 per cent pay rise (and all VCs earned at least £142,000 more than the Prime Minister). Pay differentials have widened accordingly: in 1994–95 VCs earned 2.8 times the salary of top senior lecturers; in 2014–15 they earned 3.3 times more than senior academics and 12.6 times the pay of the universities' manual

employees (Grove 2016). Differentials between the pay of the VCs and the lowest paid teaching assistants, and even worse, the outsourced cleaning and kitchen staff is unknown. The moral hazard in universities is when managers have gained such effective control of public assets and resources that have been created at public expense and can divert such a large share to their private purposes that they think themselves stewards of their own enterprise – as *de facto* owners (Boden, Ciancanelli and Wright 2012). Similar trends are fully visible in the U.S.A. where the university presidents and boards of trustees now speak ‘for’ the university without consultation with faculty, students or staff. They ‘are’ the university by means of both their authority and a rhetorical coup.

### **What is to be done?**

One issue is to find a way to ensure that the public assets of the university are not appropriated for private purposes through predatory managers’ inordinately high salaries, the possibility of their ‘buy out’ of ‘their’ university, and capitalists’ stripping public assets for private benefit or their opportunistically taking possession of ambiguously owned public assets. An allied issue is how to restore academics and students, the university’s value creators, as beneficial owners, as direct participants, collaborators and decision makers in all major institutional venues and processes.

Our search for a suitable model led us to the John Lewis Partnership, the U.K.’s most successful and profitable department store. In 1929, the owner, John Spedan Lewis, invested his shares in a non-revocable Trust and he made all the workers into partners and beneficial owners of the John Lewis Partnership. This separation of the legal ownership (the Trust) from the beneficial ownership (the workers) meant the beneficial owners could not sell the assets or demutualise them (a problem that ruined many U.K. cooperatives). The beneficial owners have

formal rights to influence the direction of the business, and in a tiered system of representation, they select half the members of the governing board. The profits are distributed to the beneficial owners as an annual bonus in proportion to their salary, and differentials between managers and all the other workers are limited and fixed.

In the U.K. at least, the legal provision exists to copy the John Lewis Partnership by putting all the assets of the university in a non-revocable Trust, so that government, managers and opportunist investors cannot privatise or sell the university and deny its benefits to future generations. The beneficial owners would be the managers, academics, support workers and students. The John Lewis Partnership states that its purpose is 'the happiness of all its members through their worthwhile and satisfying employment in a successful business'. Notably John Spedan Lewis made no mention of 'profit' and over nearly 90 years his expectation has been justified that if members of an organisation feel happy that their efforts are worthwhile and satisfying, then the result will be a successful business. In the same vein, Boden, Ciancanelli and Wright (2012) attempted to frame the purpose of a Trust University: to facilitate socially, culturally and economically beneficial scholarship, through the work of all employees and students, whether in research, teaching and learning or public debate. Such a system of putting the assets of the university into a non-revocable trust, making all members of the university into beneficial partners, with a clear purpose to engage in satisfying work that is socially beneficial, and an equal say in working out how the university should achieve that purpose, is a first step in recreating a participatory public university. That universities can be structured and run this way is amply demonstrated by the success of the Mondragón University (Wright, Greenwood, and Boden 2011).

## **Part 2: Governance and management**

A core pathology of current higher education institutions is that the legitimate participants (students, faculty, staff and administration) are not held together by shared interests and understandings. They compete with each other rather than being required to harmonise their different interests and operate in a solidary way. Each group is held in its own hermetic box and relations between them are ordered by the apex of authority. Bonds of shared interest and mutual obligation are not created. These participants have little understanding of the work lives and challenges faced by the others. Indeed, they ‘other’ the rest of the participants. Within each category, competition dominates with rewards controlled from the apex. This encourages individual rather than shared interests and a Hobbesian situation.

Because the literature on higher education displays little knowledge of successful private-sector organisations, few academic critics know that these university structures are now ‘worst practices’ in industrial and service organisations. For decades now, ‘best practices’ in successful manufacturing and service organisations have involved flattening hierarchies, lowering barriers to collaboration and moving organisational decision-making downward to the locus of ‘value production’. In universities, this locus is where the teaching, research and service are actually carried out.

By contrast, current ‘business-like’ or ‘corporate’ models of higher education actually are simulacra drawn from casino capitalism. Levin and Greenwood call them ‘neo-Taylorist’ (Levin and Greenwood 2016: 88–91). Taylorism is the manufacturing model that broke each element in the production process down into its smallest component parts and allocated specific workers or work units to producing or assembling these parts. The gradually formed product would move along a linear assembly line, gradually adding the parts that eventually resulted in the manufactured good. All of this was organised from above by bosses and engineers who designed

the technology, designed and disciplined the work processes and controlled the hand-offs between the various production units. Workers had no decision-making power, no influence on the design of the processes and were simply judged on their productivity in meeting quotas set from above. This is an authoritarian, hierarchal system in which only bosses and their engineering staff have authority.

The term 'neo-Taylorist' introduces an additional distinction needed for studying universities. Since universities do not produce 'things', universities cannot be Tayloristic. Indeed many academic leaders are hard pressed to define what their universities produce except by reference to the ludicrous ranking systems that they use to measure productivity (even if what is produced is unknown and not cared about). They use Tayloristic authority structures and rhetorics to exert authoritarian control over universities in the absence of a 'product'. That makes them neo-Tayloristic because with Taylorism material objects were built and rolled off the lines. Neo-Taylorism has given us massive administrative overheads and no definable products. Numbers of patents, graduation rates, selectivity, numbers of publications are not products in any meaningful Tayloristic sense. Decision-making is at the greatest possible distance from the locus of value creation which makes it both uninformed and often incompetent. This command-and-control environment is neither business-like nor a corporate best practice.

## Years in the making, signature building launched at University of Northern Colorado groundbreaking

Construction is expected to start on the Campus Commons in the next few weeks, with a goal of completing the building by fall 2018.

With a smile on her face, University of Northern Colorado President Kay Norton laid claim to it being a radical Saturday morning during a groundbreaking ceremony for the university's Campus Commons project. 'If we want to be transformative, we have to be a little bit radical', Norton said. The radical idea, for Norton and others, was the notion that a building can change lives and potentially UNC's fortunes. The \$73.6 million project, brought in part through the benevolence of major donors seated at the very front of the dais, promises to be 114,000 square feet of different [sic] just south of the University Center. Instead of sending students all over campus for services, UNC will use Campus Commons to house admissions counselors, campus tours, student orientation, study abroad programs, international student support, career services, community and civic engagement and alumni relations.

**Figure 1: An example of university neo-Taylorism in action. Source: Silvy (2016)**

As Figure 1 makes clear, senior managers and administrators are responsible to external stakeholders including business and political interests. These bosses have also reframed students as obedient striving customers and faculty as fee-for-service, expendable employees. Neither group has a role in institutional governance and often there is no participatory body that makes and oversees decisions about resource allocations in such universities.

This organisational system is bad organisational practice and antithetical to universities' mission to engage in meaningful teaching, research and service to reinforce civil society and prepare new generations for a constructive role. Neo-Tayloristic structures eliminate the possibility of collaborative participant relations just as Taylorism sought to prevent worker solidarity and fought unionisation. Only decisions at the apex and resistance from below matter in terms of deciding which actions are taken and which are not. Action from below is mainly reaction: votes of no confidence, protests, strikes and exposés.

Neo-Taylorist universities are also drastically inefficient. Their day-to-day operations would bankrupt a real business. For example, in a university we know, to reimburse a faculty member for a single receipt, it had to pass through so many hands that it often cost more to

process the receipt than its actual value. To stamp out this inefficiency, a college budget officer convoked a taskforce of account managers from different units to come up with a solution. The college budget officer then decided to create a new 'business centre' to do all accounting, ignoring the taskforce members' advice that this would not work. Predictably the departments and research centres did not fire their accountants because these accountants were the only people who knew how complex and idiosyncratic granting agencies worked. So a business centre was imposed on the already inefficient system and it now costs even more to process receipts. This is typical of chain-of-command solutions to organisational problems where the knowledge and experience of those who execute the work, understand how it is organised and know how it could be done better are ignored in favour of an ideal model. The business officer then puts the failed 'innovation' on his or her CV and continues to ascend professionally. The result is runaway cost increases and tuition fee rises.

The problem of the contemporary university now can be restated plainly. The essentials of university life – the reciprocal and sustainable balance between freedom to learn and the freedom to teach for students and faculty – are impossible in neoliberal, neo-Taylorist organisations. Academic integrity, academic freedom, freedom of speech and thought and an emphasis on ongoing personal and scholarly development (*Bildung*) are incompatible with authoritarian systems. The practices of professional competence, the ability to work effectively in groups and organisations and the encouragement to develop and display civic virtues are demolished by authoritarianism. As Levin and Greenwood (2016) argue, neo-Taylorist universities are mere boot camps for a new university-educated proletariat.

### **What is to be done?**

Many scholars (Power 1997; Behn 2001) of neoliberal public policy have pointed out that

neoliberal practices including accountability are based on a primal distrust of all people and organisations. The assumption is that, left without surveillance and punishment, no one would do what they are supposed to, and it is the bosses who decide what that is. There is no solution to this problem within neo-Taylorist, neoliberal structures where marketisation, competition and self-interest trump other relationships because they are designed to prevent solidarity, cooperation and trust. In contrast, beneficiary organisations are not simply a different organisational structure with different legal requirements; they are bound together by shared interests and rely on trust among the beneficiary owners. The way forward is first to dismantle neo-Taylorist universities and create organisations that promote and reward mutual respect and collaboration among all categories of participants; second, to base these on non-renounceable covenants; and, third, to establish a matrix form of organisation.

There is a variety of ways to set up organisations that belong to all as beneficiary owners and to none as individuals or stakeholder categories, so that no one can expropriate, siphon off or sell their ownership shares. These include beneficial trusts, cooperatives, employee stock-ownership programmes and well-designed incentive systems for collaboration. When all participants either have a share in direct beneficiary ownership or a significant financial and personal stake in the effective functioning of the organisation as a whole, the only way they can improve their own situation is to attend to the welfare of the organisation's other stakeholders and to insist on reciprocal attention to their needs and wants. Then they focus on the creation and development of organisational structures and processes that support these goals. They have to articulate their own interests in rational public arguments and explain how their interests affect or are affected by the interests of all the other categories of beneficiary owners. As Wright, Greenwood and Boden (2011) witnessed in a research visit to the cooperative Mondragón University, in a university structured by beneficiary ownership, students, faculty, administrators

and staff together are the beneficiary owners and they can only pursue their interests when the consequences for all groups have been publicly discussed and agreed on. Institutional decision-making, finances and strategic planning are shared and open processes (for other examples see Catherine Butcher, this issue).

For this to be possible, the institution must be organised legally and morally according to specific and clear principles. Beneficiary ownership does not use the empty mission statements that senior administrators nowadays produce. Beneficiary ownership is true ownership with the attendant rights and duties to have an equal voice in decisions affecting all stakeholder groups. The purpose of the organisation must be clearly delineated in words understood and agreed by the beneficiary owners. The principles governing the conduct of individuals and stakeholder groups must be clearly articulated. A set of detailed and enforced rules about the way beneficiary owners interact and consult with each other, and about the way decisions are made and enforced, is key.

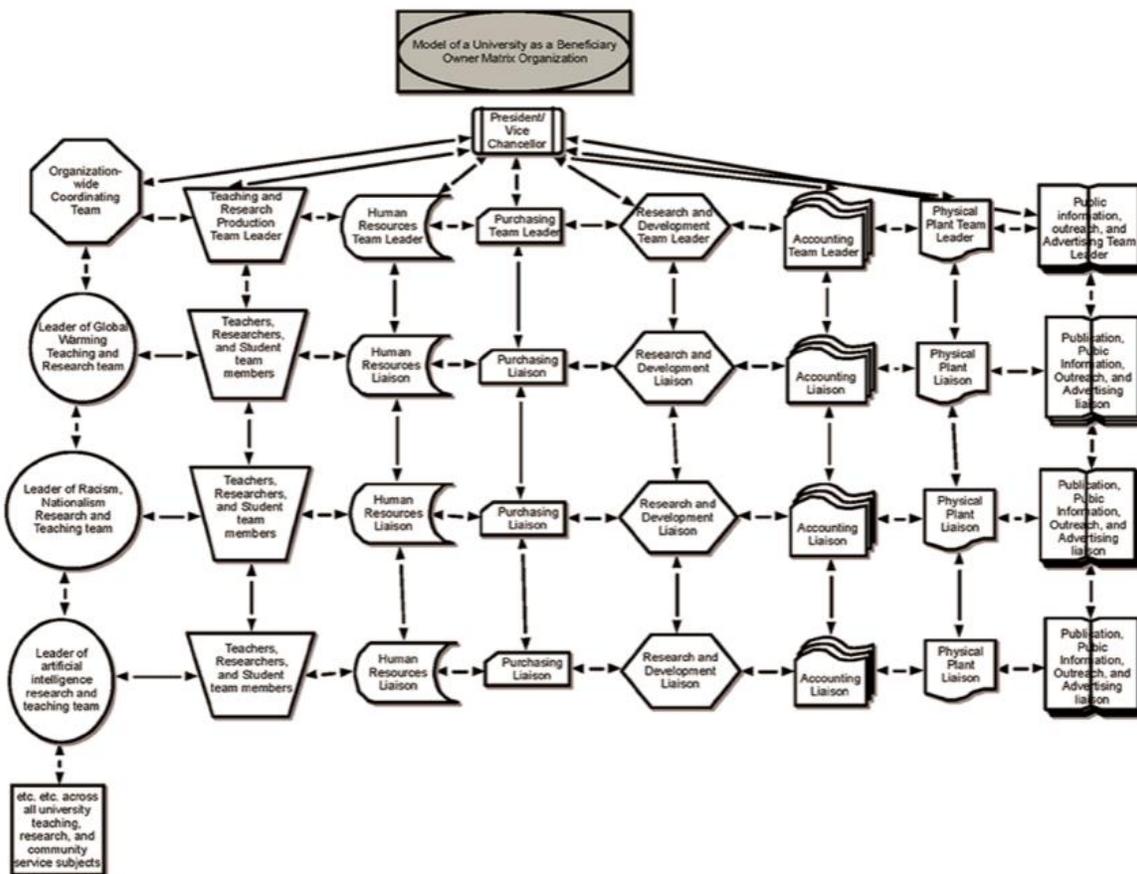
A look at the organisational structures of the Mondragón University makes clear this is a major task (<http://www.mondragon.edu/en>). The university's senior administration explained to us that such organisations cannot survive if their goals and organisational structures are written in stone and, like any other organisation, they change and adapt by revisiting the principles by which they operate (within the limits of beneficiary ownership). Any changes are debated and agreed democratically. The contrast between this and U.S. and many European neoliberal universities is stark. The beneficiary owners share an interest in efficiency and quality. As shown by Mondragón University's successful history, this results in a drastic reduction in senior administrative overheads.

A second way to understand beneficiary ownership is to recognise its basis in an ethical agreement among the beneficiary owners. This ethical agreement is not merely a contract. It is a non-renounceable covenant that lays out the organisation's core purposes and goals and its

structuring of the relationships that must exist among the participants. Following the framework advanced by William May (2000) in *The Physician's Covenant*, we argue that the contractual relationships that Tayloristic organisations rely on are insufficient to maintain a successful and humane organisation. Taylorism demands obedience to command-and-control systems of authority. Covenantal agreements go beyond contracts based on self-interest and promote solidarity, mutual attention and understanding based on moral/ethical principles. They are essential in beneficiary ownership organisations. Shared university governance once provided a weak version of such covenantal relationships but this has been mostly demolished by the actions of neoliberal policymakers and administrators. They have been aided in this by self-interested faculty 'stars'. When universities are wrested from the control of neoliberals and based on covenantal relationships between beneficiary owners instead, the latter will more readily be able to facilitate social mobility, produce research that is of value to society rather than to business and political elites, and embody the practices of civic virtue.

The third feature of the organisational design we advocate is a matrix formation. There are many different options for creating matrix organisations, but they have common features. The major functions of the organisation are still classified into fairly conventional areas of work: competent financial management, legal compliance, diverse product lines, research and development, design, engineering, production, sales, accounting, human resource practices (including recruitment, discipline, training, socialisation and retirement), information management, health care, information systems, environmental compliance and external relations. The difference is that these matters are not staffed centrally and handled unilaterally as hermetic units. While there is often at least one member of the organisation charged with keeping track of these different functions, staff experts in each functional area are allocated to multi-disciplinary product/service teams.<sup>2</sup>

Figure 2 shows how the matrix organisation of a firm can be transferred to a university. The organisation's productive activities are carried out by multi-skilled teams made up of staff from across the organisation who are needed for the creation of the particular product or service. Each team has a team leader and a mission to perform. When additional resources are needed, the team turns to the functional area leaders or the organisation's overall co-ordinator for help/support. In such organisations, central leadership is important but mainly as co-ordination, helping teams solve problems and communicating effectively across the organisation and with external stakeholders about its activities.



**Figure 2:** Application of matrix organisation to a university

This approach locates expertise, analysis, problem-solving, innovation and rewards as closely as possible to the locus of value production. Originally developed at the Tavistock Institute for Human Relations and then pioneered in Norway under the name 'socio-technical systems design' (Eijnatten 1993), this approach has been widely adopted in Toyota, Apple and Wikipedia (Jemielniak 2014). Teams in a matrix organisation are composed as learning communities (Greenwood and Levin 2007; Klev and Levin 2012). Team members learn to understand and respect the experience and expertise of other team members and this mutual respect crosses differences in role, education and location in the value creation processes. They also learn that co-operation allows teams to succeed in meeting their joint goals and in contributing to the overall welfare of the organisation. Team-based systems put a premium on professional competence and experience leavened by understanding how the functions of the rest of the team interact to produce a desired outcome for all. In effect, in these teams, civic virtue is an organisational requirement. To be sustainable, these teams must be fairly compensated (whether in a trust, cooperative, incentive or other system). Otherwise team efforts quickly degenerate into soldiering and fakery. Simulacra of this matrix organisation are usually only seen in universities in fragile and temporary teams convoked around external research grants or short-term action programmes. Such teams have little effect on universities' neo-Taylorist structures. Tayloristic organisations waste the knowledge of the participants because they are more concerned with authority and control than with learning from knowledgeable members. In matrix organisations, the knowledge, experience and commitments of the members become central resources for the teams to tap. They therefore make much better use of the capacities of the team members and, accordingly, are more efficient and smarter.

Matrix organisation requires a different leadership model, one well documented in the Norwegian literature (Holtskog 2014; Klev and Levin 2012). All beneficial owners vote to elect

or remove leaders at all levels of the organisation. Typically such leaders emerge from the membership and are people who have gained the confidence of other stakeholders through their performance in the organisation and their character. The kinds of executive search services or absentee boards that often choose university leaders are in direct contradiction to these organisational dynamics. Leadership is not a position in a hierarchy but a function located in a variety of venues in the organisation. For effective team organisations, ideas, expertise and experience must take the lead no matter where they come from within the team. The team leader, the functional area leaders and the CEO are not the authorities: their job is the facilitation, support, feedback and coordination of efforts. They have to stay closely involved in the details of the team's work and allow themselves to be taught by the team's experience. The compensation structure must also lower the distance from the top to the bottom, or else the internal economy will be an affront to the team organisational structure (see McGettingan 2013 and McMahon 2009). Differential salary levels and benefits can exist but they must be limited to a span much narrower than found in neo-Tayloristic organisations.

Organisations based on beneficial ownership require robust structures and rules of conduct. Among them is the rule that each beneficial owner has one vote and that vote is equal to the votes of any other beneficial owner. Such organisations demand the engagement of all stakeholders in investment and profit/loss distribution decisions. This is not just a right; there is a firm obligation to participate. Beneficiary owners are not freed from management but themselves must be involved in management. This means that their workdays include significant time spent on building and managing the organisation. All beneficial owners must be involved in deciding the business plan for the whole organisation's key product mix (what to produce) and factor proportions (how to produce it), the actual compensation structure, all investment decisions, and year-end decisions about distribution of profit (or loss) between investment in the organisation

and pay increases (or decreases) for the beneficiary owners. Deliberative decision making in matrix organisations, though it may take time, means that everyone is involved in discussions leading to decisions and planning. The time between the finalisation of such decisions and implementation is often quite short and stakeholder compliance is robust. By contrast, poorly designed decisions imposed from an organisational apex are rarely effective, efficient or successful. The so-called efficiency of command-and-control systems is illusory.

All of these rights and responsibilities constitute a school for learning the concepts and practice of beneficial ownership. The typical riposte of Tayloristic managers is that this kind of organisational democracy is inefficient. The successful economic performance of a great many matrix organisations in manufacturing and services worldwide gives the lie to this assertion. Socio-technical systems design (STSD) resulting in team-based matrix organisations has shown clearly that it enhances the capacity of organisations to handle multidimensional systems problems more effectively than any Tayloristic structure can. Because a matrix organisational structure directly links the technologies deployed (broadly understood) with the multiple participants who must use them and develop them further, the result is greater efficiency and also organisational resilience in the face of challenges.

### **Part 3: University's relations with society**

If the aim of a beneficiary-run organisation is 'satisfying work that is socially beneficial', then the third aspect of the university that needs re-thinking is its compact with society.<sup>3</sup> The external stakeholders of neo-Taylorist universities are often narrowed down to business and political interests, and even the forums for academics to deliberate on how to relate to these interests have been eviscerated. Universities based on beneficiary ownership and management would need a much wider concept of society and a range of methods of engagement. However, academics

themselves have been party to a narrowing of social engagement when they conceive of research freedom as an individual right (Wright 2014). Clearly the university should be a space protected from external political and economic interests for academics to exercise research freedom but that freedom is not just an individual right; it is an individual and collective responsibility to the public, to be used for the benefit of society. Lucy Smith (2001), former Rector Magnificus of the University of Oslo, provides a rare example of an academic or manager arguing that the university's 'critical function' of disinterested scholarship and the unfettered and honest debate of contemporary issues is granted by society not as a right but as a duty (Smith 2001). The special issue of *LATISS* on Collusion, Complicity and Resistance (Posecznick and Shumar 2014) demonstrated how difficult, job- or life-threatening it can be to fulfil Smith's demand to make research findings known even if they are counter to the wishes of government or the market interests of firms (especially if the firm funds the university's research and is on the governing board). Avoiding a contemporary 'shift toward caution' and fulfilling this social responsibility, Smith argues, is 'central to the idea of what a university is' (Smith 2001: 277). But how can university's relations with society be organised so as to achieve this?

The work of Gibbons et al. (1994) has revived and reframed the debate about universities' relations with society. They argued that a transition was underway from critical research generated by debates within disciplines *for* society (Mode 1) towards research, which was interdisciplinary and co-produced *with* society (Mode 2). In a later volume, Nowotny, Scott and Gibbons (2001) argued that the shift was not just to Mode 2 knowledge but to a Mode 2 society and whereas 'science has always spoken to society ... society now "speaks back" to science' (Nowotny, Scott and Gibbons 2001: 50). This idea that a transition from Mode 1 to Mode 2 was necessary and involved universities engaging with and being accountable to 'surrounding society' has been widely accepted by Ministerial officials, promoted by the OECD and adopted in

national legislation (Hansen 2017). In Strathern's terms, society was no longer a quiescent background context for academic work; it was turned into an agent, and, she asked, 'what will count as an adequate description of society in an agentic mode?' (Strathern 2003: 264).

There are many ways of conceptualising society, but few ways of operationalising it. New ways to imagine the relation between university and society sprang up in the 1980s and 1990s. First was the idea of external 'stakeholders', which emerged in the private sector with a shift from a relational idea of governance based on stewardship and trust to a transactional one in which managers were accountable to a range of stakeholders in a variety of ways (through profit margins, market share, Corporate Social Responsibility, environmental audit and corporate sustainability) (Pemberton 2014: Chapter 7). What remained unclear was who defined the stakeholders, how they were organised to talk to the corporation, and how to prevent the manager from appropriating their voice? Universities soon began to refer to their stakeholders, often treating the external and internal as all stakeholders of the senior management team (as in Auckland mentioned above). This raises the question, who is the university, and who is society? When managers present themselves as the university, surrounded by stakeholders, who they define and play off against each other, they also speak for the public, adjudicating to themselves the role of guardians of the public interest. At its worst, this can involve managers blaming faculty for poor academic performance, poor student numbers and a poor economy. Claiming to respect the workings of 'the market', they take it as their job to privatise assets and then justify their actions through bureaucratic and statistical control systems that themselves deplete the public purse. These actions are then covered up with the use of words like 'society', 'efficiency', 'accountability', 'community engagement', so they can claim to be the defenders of the public against the unworthy.

A second discourse was about 'users'. Public sector reforms in many European countries

have involved a shift away from supply to demand and a political shift from professionals defining what services should be provided to whom and how, to the user or consumer supposedly exercising choice and thereby determining which services and which providers prosper and which go under. Users have to rely on rankings and league tables, based on only the features of the organisation that can be counted, and in the case of university student surveys, very weak data. This kind of competition is meant to make institutions like hospitals and schools more efficient and effective, but usually results in concentrating resources on facilities in middle-class areas, leaving people in poor areas with very little ‘choice’. The equivalent for students is the phenomenon of ‘perverse access’, where students from areas with poor schooling gain access to the lowest ranking universities, and after running up enormous debts, find the labour market so flooded with degree-holders, that their low-status qualification does not enable them to improve their job prospects and life chances (Thomas 2001: 34).

A third way of conceptualising society and its interaction with the university is as an imaginary space. Nowotny et al. (2001) call the space where science and society, market and politics co-mingle as the *agora*. This is an imaginary space that rarely finds a material presence. Nor do the people who populate it always exist in reality, as the voices of lay people often enter the agora ‘as conceptions in the mind of the scientist’ (Maranta et al. 2003: 152, quoted in Strathern 2005: 17). Maranta et al. say the scientist or expert visualises an ‘Imagined Lay Person’ and the ILP can take three forms: an individual, for example an imagined reader of a scientific article; a representative, for example, ‘lay’ members of a committee who stand for a segment of society; and a generalised presence, as in an aggregate of citizens or consumers. We would add a fourth category of ILPs that seems not to feature in any studies of relations between science and society. This is what community development workers sometimes refer to as ‘the great ungrouped’ – the majority of the population who do not belong to local or interest groups, or, if

they are statistically attributable to a segment of society, have no way of finding, let alone communicating with, lay representatives who 'stand' for them. Rarely are any of these four conceptualisations turned into actual conversations between ILPs and scientists – there are not mechanisms through which 'society' actually 'speaks back' to science. Rather, in the Mode 2 conceptualisation of science as accountable to society, the user, lay representative, ungrouped or generalised society is just imagined as drawn into the scientific enterprise, and this is verified by processes of second-order audit and systems of performance management. In sum, academics and their universities will not be capable of maintaining a social compact and fulfilling their duties to society if they just imagine – or at worst appropriate the voices of – 'society', and rely on secondary-order audits to provide paper evidence of their interaction with 'society'.

### **What is to be done?**

It has to be acknowledged that 'society' is an abstract concept, crucial to the formation of European welfare states, which, while it can be instantiated in the organisation of redistributive taxation, state pensions or social housing, remains at a very abstract level in conceptualising universities' social compact. This compact relies on academics having a professional disposition towards fearlessly exploring ideas in teaching and research as a public duty, but 'society' does not provide universities with a concept that can be operationalised in relation to their diverse functions and activities. Instead, it is important to develop a vast variety of ways that academics can engage actual people in conversations about their research, teaching and service.

Here we will give two examples. The first relies on operationalising an alternative concept of 'making publics'. Instead of first completing a research project, and then trying to disseminate the results to the public, this involves creating opportunities to make research questions public and a matter of public concern right from the start, so that publics constitute

themselves around these issues (Biesta et al. 2009). Similarly, Simons and Masschelein (2009) turn teaching into ‘public experiments’. The aim is not to make students more detached (towards facts), but more attached (to very specific issues). They develop pedagogies that gather students and a public around an issue and explore it together.. They point to the university as a unique space where such gatherings can take place, and argue that this is what makes it a public institution.

The second example concerns other techniques, such as search conferences, for generating a public discussion about where the university is headed and action towards a preferable future (Levin and Greenwood 2016: Chapter 9). This involves creating a gathering of students, academics, administrators, managers and people from outside the university who are selected for their personal experience, knowledge, capacity to express themselves and ability to engage with others (they are not representatives of organisations or standing for social categories). In a structured series of exercises, they generate a shared (but not necessarily consensual) history of how the current shape of the university developed; if the trends continue, what would be the probable future; and what, in contrast, would be their ideal future. They then form groups to identify issues for development so as to move the university towards their preferred future. They work out the conditions of possibility, the alliances to make and the actions to take. This kind of exercise can be done at a local, departmental level, or at a higher level in the institution. In the latter case it could be used to recruit new members of university governing boards for a limited term, which is their opportunity to achieve the action defined by their group in the search conference. As ‘lay’ members, they would be actual people, coming with an agenda, supported by an action group, and could be held accountable for their achievements in very concrete terms. By repeating these exercises every two years, they could be used to refresh the governing board membership each time. Then the university would not be in

conversation with an abstract 'society', or representatives of any social categories; instead it would build up an enormous network of people who understand how it works and who have shared in shaping this institution in conversation with other 'lay' people, academics, students and managers.

## **Conclusion**

The solution to the problems of the neo-Taylorist university is not a return to a non-existent golden past. It is found in the creation of an operational meaning of community through the creation of legal structures that engage all the participants caring for the fate of the organisation. Whether they be trusts, cooperatives or employee stock incentive systems, the underlying structure must be based on shared beneficiary ownership or engagement that strongly encourages the participants to promote the interests of their organisation and the role it plays in society. The steps involved in moving in this direction are detailed in the closing chapters of Levin and Greenwood, *Creating a New Public University and Reviving Democracy* (2016).

There are many possible pathways, a few of which are explored in the articles in this special issue. The specific and practical details of implementation depend on the legal and political context. One option is to found new institutions built from the ground up as beneficiary organisations. Another is to take failing or engaged public universities, get rid of the heavy central administrative structures and recreate them as employee-owned and managed cooperatives or beneficiary trusts. Still another is to restructure an existing institution that finds its current operations intolerable because of their inefficiency, poor work/life balance or loss of mission and for the participants to restructure it to be sustainable over the long run and to make a future they are willing to live in. As the poet Antonio Machado wrote: 'Traveler, there is no path. The path is made by walking'.

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## Notes

- <sup>1</sup> The Financial Times' lexicon says a moral hazard arises when a contract or financial arrangement creates incentives for the parties involved to behave against the interest of others

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(<http://lexicon.ft.com/Term?term=moral-hazard>). In management, this is when the owners of a firm (shareholders) are unable to observe the actions of a firm's managers, opening the door to careless or self-serving decision-making. Most notably, this is when senior management has its own remuneration as its primary motivation for decision-making and is shielded from the consequences either because any hit to earnings can be explained away, or because, if terminated, the executive keeps the high salary and bonuses from years past. (This use is different from insurance, where moral hazard is the risk that a party to a transaction has not entered into the contract in good faith and has provided misleading information about its assets or liabilities.)

<sup>2</sup> A variety of these models can be seen at

[https://www.google.com/search?q=matrix+organizations+images&biw=1076&bih=1003&source=lnms&tbm=isch&sa=X&ved=0ahUKEwj8rrOTyYDRAhUp4IMKHTd5DA0Q\\_AUIBigB](https://www.google.com/search?q=matrix+organizations+images&biw=1076&bih=1003&source=lnms&tbm=isch&sa=X&ved=0ahUKEwj8rrOTyYDRAhUp4IMKHTd5DA0Q_AUIBigB)

(accessed 16 December 2016).

<sup>3</sup> This social compact is set out in a number of international statements. For example, the *Magna Charta Universitatum* (Rectors of European Universities 1988) now signed by 805 universities from eighty-five countries, which states that the university's 'research and teaching must be morally and intellectually independent of all political authority and economic power' in order to sustain the humanist traditions of democratic society. The Council of Europe's (2006) Recommendation 1762 on 'Academic freedom and university autonomy' criticises demands for universities to respond to the short-term needs of the market, and argues their social role is to analyse issues in a distanced, long-term and critical perspective.