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Thomas Diefenbach

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Competing Strategic Perspectives and Sense-making of Senior Managers in Academia

Thomas Diefenbach, The Open University, United Kingdom

Abstract: International University (IU) is a large and successful Western-European university. It has already gone through several major change processes. Like many other organisations in the public sector it has been confronted with the introduction of New Public Management since the 1990s (e.g. Deem 2004, Shattock 2003, Newton 2003, Kezar/Eckel 2002, Spencer-Matthews 2001). As known, the basic idea of New Public Management (sometimes termed managerialism, Deem 2004, 2001) is to make public sector organisations and the people working in them! much more 'market-oriented' and 'business-like', i.e. performance, cost, efficiency and audit-oriented. For this, IU has started a new strategic change initiative about three years ago that deeply cuts not only into its organisational structures and processes but even more in people's beliefs and attitudes, behaviours and ways of doing things. The aims are far-reaching strategic as well as cultural changes (Ylijoki 2003, Deem 2001, Van Loon 2001, Austin et al. 1997) as a response to problems IU faces because of an allegedly changing and increasing challenging business environment. In this qualitative case study it will be investigated how IU's senior managers perceive challenges and changes in the business environment, interpret the introduction of new strategic objectives and their implications, how they see their organisation and the ways it does, or should do, its business. The idea of the paper is threefold: 1. To reveal different perceptions, interpretations and understandings of IU's senior managers concerning issues of strategic importance, 2. To describe some major conflicts between competing ideologies and business models, 3. To understand on which basis claims for moral authority and legitimacy are being made. The qualitative case study primarily concentrates on IU's senior managers strategic perspectives and understandings of their organisation. For this, 20 semi-structured interviews had been carried out with most of its academic and administrative senior managers (Vice-Chancellor, Pro Vice-Chancellors, Deans of faculties, senior managers of administration and service units) and one external consultant between March and September 2004. In addition, internal documents and academic literature provided further information, enabled a triangulation of the data and contributed to a better foundation of the findings. The case study reveals very different understandings and interpretations of most of the strategic objectives and organisational issues. It reveals not only very different and competing belief systems of several groups of senior managers but also how these ideologies clash and struggle in political debates for moral authority and primacy, such as: proponents vs. opponents of managerialism, top-management (Vice-Chancellor, Pro Vice-Chancellors) vs. Deans, academics vs. administrators. Furthermore, it shows inconsistencies in IU's version of New Public Management and a cynical use of latest management techniques by senior managers in order to gain more power and control internally. At present, it seems that the proposed objectives and change initiatives based on neo-liberalism and managerialism do not provide convincing and final solutions to strategic problems of organisations but contribute to increased organisational conflicts and unfortunate developments. There is a need of critical approaches and emancipatory alternatives in business and management studies.

Keywords: Strategy, Senior Managers, Managerialism, New Public Management, University, Higher Education Institution, Academics, Schemata, Sense-making.

Introduction

INTERNATIONAL UNIVERSITY (IU) is a large and successful Western-European university. It has already gone through several major change processes. Like many other organisations in the public sector it has been confronted with the introduction of New Public Management since the 1990s (e.g. (Deem / Brehony 2005, Deem 2004, Shattock 2003, Newton 2003, Kezar/Eckel 2002, Spencer-Matthews 2001). As known, the basic idea of New Public Management (sometimes termed managerialism, Deem 2004, 2001) is to make public sector organisations – and the people working in them - much more 'market-oriented' and 'business-

like', i.e. performance-, cost-, efficiency- and audit-oriented.

In this qualitative case study it will be investigated how IU's senior managers perceive challenges and changes in the business environment, interpret the introduction of new strategic objectives and their implications, how they see their organisation and the ways it does, or should do, its business. The idea of the paper is threefold:

- To reveal different perceptions, interpretations and understandings of IU's senior managers concerning issues of strategic importance,
- To describe some major conflicts between such competing business models,



- To understand on which basis claims for moral authority and legitimacy are being made.

For this, 20 semi-structured interviews had been carried out with most of IU's academic and administrative senior managers (Vice-Chancellor, Pro Vice-Chancellors, Deans of faculties, senior managers of administration and service units) and one external consultant between March and September 2004. The interviews were recorded, transcribed, qualitatively analysed, and the findings summarised. In addition, internal documents (strategy and vision papers, university and unit plans, minutes of academic bodies stemming from 1996 to date, internal reports and surveys, reports from external consultants, others) provided further information and allowed cross-checking of many statements. Finally, academic literature, in particular case studies on managers' perceptions and change initiatives at Higher Education Institutions, contributed to a triangulation of the data and a better foundation of the findings.¹

The investigation concentrates on some of the areas that are of strategic relevance for managerialistic and change management approaches in organisations, namely:

- perceptions and interpretations of the organisation's business environment (Newton 2003, Burns 1961).
- main strategic objectives and a new vision to make the organisation more 'business-like' in the sense of market-orientation, increased organisational efficiency, auditing, and performance measurement (e.g. Deem 2001, p. 10-13, Vickers / Kouzmin 2001, p. 109-111, McAuley et al. 2000, p. 89, Cohen et al. 1999, p. 477-478).
- centralisation of activities crucial for the organisation as a whole, distribution of responsibilities, accountability, and subsidiarity (e.g. Morley 2003, Coyle 2003, Newton 2002, Kezar/Eckel 2002, Hellowell/Hancock 2001).
- ideas about what the organisation stands for, and which group of people represents these ideas legitimately (e.g. Kezar/Eckel 2002, Farmer 1999).

The case study primarily concentrates on the perceptions and understandings of IU's academic and administrative senior managers. It is about how senior managers perceive their organisation based on epochal ideas (Goia / Thomas 1996, p. 370). It is about 'understandings of thinking and acting at a strategic level – that is (...) the way that members anticipate changes in their external environment and relate these changes to their understanding of the

primary purpose of the organization, ...' (McAuley et al. 2000, p. 88).

In this paper, no particular term for managers' views is being used, mostly they are referred to as 'perceptions', 'ideologies' or 'cosmologies'. This approach refers to strands in the field of organisational behaviour which concentrate on managers' perceptions and worldviews since the early 1980s (for example Staples et al. 2001, Samra-Fredericks 2000, Cohen et al. 1999, p. 473, Coopey et al. 1997, Meindl et al. 1994, Melone 1994, Isabella 1990, Stubbart 1989, Schwenk 2002 (originally 1988), Walsh 1988, Daft / Weick 1984, Hambrick / Mason 1984). However, there is not one single term that is widely accepted but many different terms.² The most common ones are 'schemas' or 'schemata' (Balogun / Johnson 2004, Schwenk 2002, Harris 1994), 'belief structures' or 'knowledge structures' (Walsh 1988, 1995), 'cognitive maps' (Schwenk 2002) or 'sensemaking, cognitive frameworks, mental models' (Kezar / Eckel 2002).

Perceptions of the Business Environment

Although faculties serve different markets which may develop quite differently, there is a general view stated by all senior managers of increased pressure and competition IU's faces. This pressure stems from several external stakeholders (students, corporate customers, funding bodies, government initiatives) as well as old and new competitors. IU's senior managers are of the opinion that the Higher Education sector as a whole has become much more difficult, i.e. that IU's operates and has to survive

'... in an environment that is much, much, much more competitive than it has ever been before.'

This is consistent with other observations (e.g. Newton 2003, pp. 428, 432). However, an organisation's business environment is not a pattern of 'objective facts' people "find and describe". Referring to a 'much more competitive environment' might be part of a socially expected answering behaviour reflecting the neo-liberal ideology of our time. Those who are *not* in a 'competitive environment' (and are not competitive themselves!) are out of date and do something seriously wrong.

In this sense, IU's senior managers might also feel a need to demonstrate that they are market-oriented. Some commentators say that a strong outside orientation is not usual for Higher Education Institutions and is a fairly new phenomenon since the early 1990s. There might be a different view on it. Aca-

¹ For methodological problems and limits of such qualitative empirical research see Diefenbach 2005a.

² For a description of the conceptual background of sense-making, cognition, and change as well as references to several strands see Balogun / Johnson 2004, pp. 524-525. For a very systematic literature review on managerial and organisational cognition see Walsh 1995.

demics have *always* been aware of their institutional environment in the sense of scientific communities, students, the government, other stakeholders, and the society in general. But the attention, and what is perceived as important, has shifted, indeed. Academic managers nowadays concentrate primarily on those parts of the environment which are *money- and assessment-relevant*, for example HEFCE-funding according to student numbers or RAE-ranking according to the amount of papers produced. Hence, for the most part today's environment of a university is perceived, constructed, and interpreted to a large extent by issues and numbers that are presumably of high relevance for quantitative data and financial indicators of the organisation. *This* is, indeed, a new and increasing trend in our time. More generally speaking, the notion to (re-)construct an organisation's environment by "objective data and numbers" is another example for a positivistic understanding of how the world "is" (or should be), and an audit culture (Howie 2005, p. 3).

However, there is a paradox. The more and better (quantitative) data and information are available, the more senior managers regard market information as not very solid. Student markets are seen as quite volatile, the business environment in general as uncertain. As one senior manager indicated:

'It's too diffuse at the moment and it makes it difficult capturing exactly what the market is.'

'You have to make the decision on the basis of very good information as to whether you are in a cycle or in a trend. And you can argue either. ... I believe that we are in a cycle. But that's a business gamble.'

This manager did choose quite a telling verb ('*believe*'). Despite all efforts and sophisticated market intelligence and Management Information Systems it remains a fact that an organisation's environment is constructed, perceived and interpreted on an individual basis as well as in social interaction (Smircich / Stubbart 2002, p. 141). Although this might create problems this can also play into the hands of managers. Since a) numbers need explanations, b) every single figure is open to more than one interpretation, and c) figures do not mechanically point into the direction of a particular action there is much room for different interpretations and for questioning other positions (Diefenbach 2005b, pp. 558-559). Senior managers might agree upon the state of the business environment on the data basis they are provided with. But they might see and interpret the data quite differently (Bartunek 1984, p. 368) when it comes to their implications for the organisation – and for the manager's own areas of responsibilities and interests.

'And I know from what I've heard talking to people that ... the financial crisis is being manufactured. That it's a story being made up. People are massaging the numbers to try and create change that isn't really needed. And there is a lot of resistance to that change.'

Senior managers might see themselves in the same boat when it is about a hostile environment or specific external stakeholders. But when numbers are being used for internal politics, rivalry leads to a different story. Managers interpret and use the very same figures quite differently: what seems to be "objective" data for one manager might be "blunt lies" for another. In other words, Implications of a 'quasi-objective' description of an organisation's environment are subject to interest-oriented interpretations and politicised debates about their meaning and relevance for internal affairs. As Waller et al. 1995, pp. 964 explained: 'Knowing the environment is only a means, getting rewarded for performance happens internally and is an end in itself.' It is the internal context of sense-making (Goia / Thomas 1996, p. 371) that really counts. *It is not markets, but internal politics what matters most for managers!* As we will see in the following sections, the foundation, even battleground is being laid for different ideas how IU's should respond to and act within its environment.

A New Managerialistic Strategy – and no Alternatives in Sight

Against the background of an allegedly more competitive and challenging business environment IU's senior managers see the main objective of IU to become much more '*business-like*'. This new strategic orientation comprises several aspects, mainly: rigorous student- and market-orientation, income- and cost-orientation, increasing efficiency, performance-measurement and auditing-systems. Although this shift had already been happening step by step for many years it can be argued that the ideology of New Public Management was particularly introduced by the present Vice-Chancellor who came to IU about four years ago and represents 'these new VCs [who are] more inclined to run their institutions as quasi-businesses.' (Hellawell / Hancock 2001, p. 191).

For addressing strategic or organisational issues senior managers use the 'usual' management / business terms. According to IU's Vice-Chancellor the dominant change initiatives are mainly based on mainstream strategic and change management approaches.

'I mean, I used basic business principles to evolve the priorities that we've got now and there is nothing very original about that. It's

just an application of how you are doing your business ... So, improving the management information, improving the people's understanding of how things work, improving people's discipline with respect to the market.'

As the Vice-Chancellor said, there is nothing really original about the new strategy, on the contrary. It is a 1:1 copy of neo-liberal / neo-conservative managerialism that were introduced in public sector organisations all over the globe (Deem 2001, p. 10-13, Vickers / Kouzmin 2001, p. 109-110, McAuley et al. 2000, p. 89, Cohen et al. 1999, p. 477-478).³

There are many reasons for this trend. *One* is, that these new strategic objectives had been introduced at HEI 'not so much to execute their tasks more efficiently but to gain legitimacy or cultural support' (Staw / Epstein 2000, p. 524). IU, like many other universities in industrialised countries, is under thorough supervision by funding and auditing bodies. Senior management, therefore, is very keen to present the organisation to these powerful stakeholders according to *their* criteria. In this sense, '[s]trategies are the links between the intentions and perceptions of officials and the political system that imposes restraints and creates opportunities for them.' (Wildavsky 1964, cited in Pettigrew 2002, p. 105). Coopey / Burgoyne 2000, p. 873 explained this on the basis of institutionalism: 'To achieve legitimacy an organization needs to mirror the institutional patterning generated in the environment, often in a variety of social fields. These effects result not only from direct control mechanisms (e.g. as exercised by central government) but also through constitutive processes created by environmental meaning systems.'

However, there can be contradicting and changing expectations from different external stakeholders. There is, therefore, no automatism whatsoever concerning which strategy senior managers 'have to' choose. It is at managers' discretion to which issues they refer in which way and on which criteria they formulate an organisation's strategy. In this sense, the current managerialistic strategy of IU is only one of many possible strategies. Indeed, there are still a few claims that academics should be more driven by their own research and teaching interests in combination with traditional academic values and related performance criteria than by the dictation of actual or assumed requirements of the market.

'There is still a lot questioning whether those [financial figures, student numbers] are the primary metrics or the secondary metrics, whether the university is making money in order

to thrive to do what it really should be doing, which is educating people. ...'

'A number of academics who have been here for a long time were quite open about the fact that they don't see why we should be driven by student numbers and income. We should be driven by research, feeding into teaching, teaching about things that they considered to be strategically important, that can change policy, that can have an impact on practice, or, frankly, they just enjoy working on them.'

At present these beliefs are too weak to compete with the prevailing managerialistic ideology for supremacy at the highest level of values. There are no 'academic-like objectives' or other alternative strategic programmes (anymore) which really challenge New Public Management on a *strategic* level. Market-orientation, efficiency-fever, performance measurement and management are *some of the strong ideologies* mankind has developed so far. Howie 2005, p. 7 brought it to the point: 'The language of quality is able to silence all that might be critical and suppress any disturbance on the calm waters of managerial unanimity by rendering the non-compliant individual as untrustworthy, incompetent and irrational.' The meanwhile official and dominant IU strategy seems to be legitimized by "how the world is". *Who could be, in the age of hedonistic individualism, market economy, profit-driven corporations, globalisation, neo-liberalism and consumer society, against such apparently self-evident business principles?*

Worthington / Hodgson 2005, p. 98 provided an explanation for this astonishing, sad, if not appalling situation. 'Those who do so, suggesting for example that the primary 'purpose of education is (or should be) to develop critical thought', find themselves framed not as radicals but as conservatives, whose views are thus seen as an attempt to preserve an outdated intellectual value-system that is incongruous to the needs of equity, consumers and the new global economy. Those who resist quality, in other words, are likely to be perceived as suffering from 'golden ageism', or, worse, as undesirables who are either unwilling or incapable of making the necessary changes and readjustments to university teaching and working practices deemed necessary to achieve service improvement.'

Anyway, on the one hand all neo-liberal and managerialistic terminology can be quite meaningful and do have, indeed, a huge impact on society, organisations, and individuals. On the other hand, they are very general terms, sometimes mere buzzwords unless substantiated. Therefore, there is still much room

³ At this year's conference stories very similar to the one described in this paper could be heard about public sector organisations in Australia, New Zealand, South Africa, Europe, and the United States.

for different definitions and interpretation of their implications. We will see in the following two sections that even in the face of such a dominant ideology IU's senior managers interpret the implications of its official strategy quite differently.

To Centralise or not to Centralise

Since IU is a large organisation, economies-of-scale and standardisation are seen by all of its senior managers as two of the most important competitive advantages. But there is another idea for increasing IU's overall efficiency - centralisation. The basic idea of centralisation sounds quite convincing. In a large organisation like IU there is a lot of duplication of effort in its units or faculties respectively. Centralisation of activities which are crucial for the organisation as a whole as well as for its parts will reduce inefficiency, increase productivity, and save money.

However, some Deans portray IU as an already centralised organisation and see (further) shifts towards the centre not as a solution but as part of the problem. One Dean compared this trend of centralisation to what happened in [Western-European] manufacturing in the 1960s. There is a strong feeling amongst Deans that there is a lack of support from the centre, provision of sufficient resources, subsidiarity and empowerment. The relation between centre and periphery is generally seen by Deans as too much intervention from the top. Many initiatives from the top are watched with suspicion and interpreted as interventions into and restriction of faculties' elbowroom. These perceptions are consistent with empirical findings elsewhere (e.g. Newton 2003, p. 438, Newton 2002, p. 190, Cohen et al. 1999, p. 473, 480). Several senior managers complained not only about 'technical' or 'managerial' constraints, but about increasing distrust between the centre and periphery.

It is probably also not very surprising that the top and administrative senior managers see the problem of too little elbow-room further down differently. But it is interesting to see how they respond to such complaints. There is not one consistent pattern, but several, quite different responses.

One strategy is to conceal the issue at all. One emerging and widespread answering pattern of senior managers during the interviews was the provision of statements in accordance with the official strategy and references to official documents. There were quite obvious attempts to avoid addressing the issue of power and control at all, to deny tensions and differences amongst the centre and periphery. This was especially done by senior managers either in the very centre of power, close to it or anxious to appear in accordance with the official party line.

In a second version some of the senior managers rejected the complaints that the centre strives for more influence, power and control straightforwardly. They claimed

'... that we go for subsidiarity wherever possible.'

However to this, a third position was to describe such struggles and the existence of different views as quite common for organisations.

'I think that exists in most organisations to some degree. Virtually every sizeable organisation has some sort of centre and periphery. ...'

A fourth position was to lay stress on the fact that one is very aware of it, that it is acknowledged as a serious problem and that one is interested in structural reforms.

'That's one of the reasons we're looking at the faculty structure is that you want to allow faculty structures to make decisions without continual reference to the centre within broad policy frameworks, and at the moment we probably call in too many decisions to be made centrally.'

Finally, one administrative senior manager was very clear.

'[W]e can't have everybody doing what they want.'

Obviously, there are different ideas about centralisation and de-centralisation, about a strong centre, empowered faculties and their relationship. On the one hand it is about 'real issues' and 'technical problems' such as allocation of resources, financial contributions to the centre, support of faculties' initiatives, decision-making processes and subsidiarity. On the other hand, there are more aspects which are relevant and come into play. This needs further explanation. Perhaps the best example for this - and most far-reaching initiative in the past years - had been the *centralisation of marketing*. Whereas faculties either had their own marketing unit or no marketing at all, it was the idea to create one single Marketing Unit responsible for (almost) all activities in this field throughout the whole university. One senior manager explained

'... that there were over 100 staff spread all over the university often repeating parts of what other people were doing, ... so, there was a clear line of development there to bring them together, to rationalise the work and to deliver services that we've never had before., so that's one example where clearly centralisation, I think, will bring significant benefit across the university and give us a better marketing function, a more targeted marketing function than

we had before and more universal, across all faculties and schools.’

External consultants, who had been employed to assist the university in reviewing its marketing activities, recommended the centralisation of marketing. The decision to centralise was made by the Vice-Chancellor immediately after (or already before?⁴) the presentation of the report in March 2003. However, in its first year the new centralised marketing unit had been busier with organising itself, its internal activities, with formulating strategies, gathering data, and producing reports about its activities than actually doing marketing.

‘It is much less marketing done than before. They seem to spend all of their time appointing staff and organising themselves. There seems to be much less effort of marketing of our faculty’s courses. ... And all of the other faculties are making the same complaint ... Certainly for the first year it has made the situation worse. Whether this is temporary or not I have no idea. ...’

At the same time there had been dramatic changes in student numbers.⁵ In May 2000 ‘a 10% growth in student numbers from 1999 to 2000’ and in July 2000 an ‘assumed growth rate of 4% in student numbers’ were reported. In December 2002 ‘first concerns were expressed at the inclusion of a target of 3-5% for student recruitment growth’. In January 2003 it became clear ‘that recruitment of new students was below target’, in March 2003 the Vice-Chancellor reported ‘that the University had not reached the student number target’ in this year and again in December 2003 the Vice-Chancellor expressed ‘a concern that student recruitment would not meet forecasts’. In 2004 the top-management kept quite silent about the numbers, one Pro-Vice-Chancellor reported that he was ‘confident that the University would be able to meet its current student recruitment targets this year (i.e. an increase of 3%)’. However, in March 2005 the Vice-Chancellor informed that ‘current predictions indicated that the University would be 4.2% below its student recruitment target’. In June 2005 ‘the latest (June) forecast of student numbers indicated that the University was likely to have a shortfall of 6.3% on the 2004/05 target, with a shortfall of 12.2% for new students’.

Although the numbers change almost every week, they are clear evidence for the fact that the centralisa-

tion of marketing has led so far to more *inefficiency*, i.e. the intended savings in marketing costs and improvements in marketing are much smaller than the decline in student numbers and, hence, income. One of the major reasons for this development is seen in a reduced collaboration and trust-building between faculty management and marketing people because they are separated now.

‘When there was a marketing group within the faculty before the changes, we were - as I call it - hard wired. The knowledge was local, there was responsibility within the unit for all aspects of marketing ... and we also used to attend all sorts of committees, meetings and whatever. So we were very close to the academic community, administrative community, to the market place, and we were dedicated to the faculty. So, there was an easy knowledge interface. People exchanged information very easily and readily from the faculty, from the non-academics to the marketing staff.’

The underlying rationale is the idea of local and socially embedded generation and use of knowledge. One theory in knowledge management is that information should be interpreted and decisions should be made where the knowledge is, i.e. where people are situated in their daily context of work. In the face of a changing and more complex environment it is, therefore, about *decentralisation*, not centralisation (Bartunek 1984, p. 369).

However, there is no shortage of other explanations for the above described change from 10% growth to a 6% or even 12% decline in student numbers – particularly from the Vice-Chancellor and the inner circle of top-management who were behind the idea to centralise marketing: It is the government (Higher Education politics, ‘the consequence of new fees and loan arrangements’), the markets (in which the university is operating), the competitors (strategy and fee changes introduced by other universities), customers (‘changing patterns of registration made forecasting difficult’), or *operational* reasons within the university (‘There had been marketing problems and difficulties in translating reservations to registrations.’)⁶

Whatever the ‘real’ reasons for the decline; there are even more suggestions for possible solutions, almost uncountable, and *all* on an *operational* level. Furthermore, top-management and marketing unit increased their activities to inform about the market-

⁴ Already in 2000 external consultants had carried out a ‘value for money’-study on marketing. *This* study suggested that IU should develop a student focus and that this could *not* be achieved by having one large centralised marketing department. A cynical observer would interpret this invitation of external consultants as one of the usual tactics of senior managers to get a seemingly ‘objective’ approval, if not justification for a decision which has been already made long before.

⁵ The following data and citations are gained from the minutes of IU’s Governance bodies.

⁶ All these reasons were gained from the minutes of IU’s Governance bodies.

ing activities that had been launched. The information about the activities of the new centralised marketing unit increase almost at the same speed the student numbers decline. Finally, the Vice-Chancellor made it clear that this is problem for all. ‘The whole University community should work collegially over this issue since it affected the future of the University.’ Well, not quite for all. The Marketing and Sales Director, who was appointed in early 2001 and had all the support from the new Vice-Chancellor to centralise marketing, had also to leave in December 2004.⁷ One Dean, who criticised the centralisation of marketing the most, had also to leave the university at the same time in order to “have more time to spend with his family”. The revolution eats its children ...

There are conflicting views on how marketing activities will develop in the future. The proponents are convinced that the backlash is only temporarily and that the advantages have already started to gain momentum. In contrast, some of the Deans see serious damages to their business as well as to the whole university and that it will take years for solving these.

Anyway, there are not only different interpretations of the possible reasons for the decline in student numbers and how this will further develop. The ‘facts’, if any, do not count very much. And secondly, the theoretical principles of neo-liberalism and New Public Management do not count very much, too. The proponents of managerialism choose their business strategy from a range of inconsistent basic assumptions in a very opportunistic manner. Centralisation of IU’s marketing it (almost) has become a highly controversial and politicised issue. It has become the battleground for senior managers and their ideas about how IU has to be organised strategically. The ‘technical’ side of the problem is meanwhile only of minor importance. Behind such claims are strong interests in keeping, increasing or gaining influence, power and control. As one Dean explained.

‘It has become more extreme in the last few years. And it has become more extreme under the current Vice-Chancellor. Primarily, I would argue because we had a financial crisis which [the Vice-Chancellor] used to access and gain greater power and control. So, it has been, in my opinion, manipulated to increase centralisation.’

Hellawell / Hancock 2001, p. 192 explain their similar findings by referring to earlier work: ‘... , these VCs operated as though the universities were what

Roger Harrison (1972) and Charles Handy (1976) originally designated as ‘power cultures’. As Handy describes it: This culture depends on a central power source, with rays of power and influence spreading out from that central figure. They are connected by functional or specialist strings but the power rings are the centres of activity and influence. (Handy, 1976; p. 178). ... The spider at the centre of the web of a power culture (to use another image from Handy) is often keen *not* to ‘micro-manage’ so that the subordinates are allowed to have considerable degrees of autonomy. But the spider retains central control of the key threads (usually financial), which link the outer and inner circles of the web.’ *‘Who runs IU?’ is the real question.* It is about the ‘tension between moves to devolve authority, ‘empowering’ managers, and efforts to centralise control over resources and other key policy decisions.’ (Kirkpatrick et al. 2005, p. 165). There are, hence, interests at stake that did not and do not allow any of both sides to step back. So far, the centre has won the battle.

‘Them’ and ‘us’ - The Big Cultural Divide between Academics and Administrators

The controversies outlined above are pointing to matters of an even more principle nature, such as: What is the idea of the university? What does it stand for? Who represents it? Some might be puzzled by such apparently naïve questions. Of course, a university stands for teaching and research. And these are carried out by academics.

‘The academics have the status in the university. And that’s reasonable because universities fundamentally are for academic experts.’

Particularly many administrative senior-managers draw the attention to the fact that academics first are loyal to their subject areas, second to their scientific community, third to their centre or department, fourth perhaps to their faculty and fifth way down the line eventually to their organisation (Spencer-Matthews 2001, p. 53). Obviously, there are many other issues before academics see themselves as members of their university. And many of them may have a different understanding of what a university stands for - or should stand for. According to administrative senior managers most academics seem to think

‘... that the university ought to be a kind of academic community, a self-regulating academic community in which academic freedom is paramount in relation to which management so

⁷ It is almost ironical that only three months before he left IU ‘voluntarily’ he told me in an interview I carried out with him: ‘... , and some people fell out, they couldn’t cope with the new structure, which you can expect in a change process because those that can’t deal with it go elsewhere or drop out, and it’s quite a normal model. So, it was encouraging to see one or two drop out, I’m not saying it personally was, but it meant that we were making sufficient change for it to be impactful from the way it needed to be.’

to speak is seen as an intrusion and a bother, and that's its academic values and so on ...'

'And, in my mind the whole reason that university was set up with this very consensual organisation makes it very difficult for the organisation to tell academics what to do. It was for academic freedom. ...'

In the spirit of such a 'traditional academic understanding' academics are driven more by their own research and teaching interests, have different values and performance criteria, and take little interest in management and organisational issues (McAuley et al. 2000, p. 87, 91). They, therefore, have particular expectations and are of the opinion that a university has to meet these and provide resources for these. Universities should be the means for academics' ends.

However, from a new management perspective such traditional academic interests, values, and skills are definitely of no great help. Academic attitudes are not seen as the solution but as the cause of many problems IU faces.

'We're running courses now that we should kill because there are hardly any students on them. But there is tremendous political pressure – it is changing – to try and kill some courses because they are losing us money. Now, that is very difficult for an academic to accept, very difficult. So, we had a very predominantly academic culture in the university, and we still have.'

It is not the academics but *the organisation* that meets the expectations of the stakeholders and delivers the products and services to the customers! Academics have to understand this and integrate themselves into the processes accordingly.

'There's no point in having a university unless it has got core teaching and research objectives, but they have to take place, and can only be realised, in a business environment and in an efficient institution in which individuals, including academics, are working for the good of the institution ...'

'At the end of the day, I mean, I do think there is an institutional perspective and an institutional set of objectives and at the end of the day it's the [name of the university] that has got to survive and flourish and change, and that may mean that individual units have to disappear, ...'

To deliver (efficiently), IU has to be a 'clockwork' organization' (McAuley et al. 2000, p. 108). In this sense, it is clear (or has to be made clear!) that it is

the administrators who are responsible. And administrators do not only feel responsible for administration, the technical aspects of production and delivery of courses or the provision of services. It is *them* who care that IU can meet the demands of the nowadays business environment, formulate and carry out an appropriate business-like strategy and change the way it does its business. *They*, the administrators, seek for ways to make the organisation more efficient, that everything runs smoothly and according to standards and rules, that performance is delivered and can be measured. And they do this in the light and for the sake of the whole. It is the administration, and only the administration, that cares for the organisation as a whole.

However, many aspects of the already implemented and still further expanding systems of accountability, measurement, and monitoring are criticised by many academics. According to them, the constant attempts of the administration to administer structures and processes *increase* only bureaucracy and, at the same time, *reduce* efficiency and effectiveness. The increase in bureaucracy and control create for faculties a situation in which some Deans see it difficult to carry out their tasks and responsibilities appropriately. There are complaints about 'insufficient discretion, due to too much bureaucratic constraint.' (Newton 2002, p. 205). One Dean blamed especially the non-academic managers for having a bureaucratic model in mind and that IU has reached very extreme forms of bureaucracy.

'It's a funeral. It is an old model which to a large extent relates to power. ... I believe that the university is being colonized. It's no longer a university. We are only employed, tolerated because we keep employed all those other people. ... They keep control. They are costing us money to maintain their bureaucracy. It's very odd.'

Most of the bureaucratic initiatives are seen by many Deans as obvious attempts of the top management and the administration to gain more influence, to gain even greater power and control.

In sharp contrast to Vice-Chancellor's and other administrative senior managers' idea of an administered university most Deans have a different business model in mind. Against the widespread picture of academics as comparatively 'action-avers' many Deans regard themselves not only as *academic* managers but also as *business* managers, even as entrepreneurs. They see their faculties not only serving existing markets but they are also willing to enter or create new markets, to launch new products. For this, they do not 'only' want the resources and support needed to carry out their daily business in an 'entrepreneurial' manner. They want autonomy,

discretion, and more responsibilities – at least for themselves.

‘I think one thing you’ve got to do is to give responsibility to people, like myself, who have an understanding of the overall strategic constraints but also have an understanding of the local subject-based systems, and dynamics. So, that argues for a much more federal type of government and management structures than we have a moment ...’.

Generally speaking, the data reveal a big cultural split between the faculties / academics on the one hand and the administration / service units on the other hand. Martin et al. 2001, p. 96 described it equally: ‘A divide of culture and experience exists between faculty and administrative views of organizational change. Faculty often view administrators as bureaucratic, unscholarly, business minded, impatient with faculty concerns, and insensitive to academic values. For their part, administrators see faculty as conservative, suspicious of the administration, reluctant to change, unwilling to contribute to the daily operations of the institution, and, in some cases, cynical about whether any change is either possible or desirable.’ It is a huge divide. The struggle between these groups of people or positions within the organisation is in principle a struggle between different understandings – and misunderstandings. As one senior manager stressed

‘... but one of the things people in the University tend to do is they say this group of people is resistant to change or this group of people is way too ambitious and it tends to be academics and administrators shouting at each other because they don’t understand the different cultures, they don’t take the trouble to learn to respect each other’s expertise and understanding.’

There seems to be an exaggeration on both sides. It is not about to fulfil one’s own original tasks and parts anymore but claims to represent the whole. The different cognitive models and opposing views have transformed into deeply held convictions about how ‘the whole’ should be, they turned into claims for moral authority to speak for ‘the organisation’. Burns, p. 261 (also Pettigrew 2002, p. 97) explained this phenomenon already in 1961: ‘In managerial and academic, as in other legislatures, both sides to any debate claim to speak in the interests of the community as a whole; this is the only permissible mode of expression.’ This has led to highly politicised debates. The ongoing struggle is not only about the positions and ideas of the two camps or groups of people anymore. It has reached a deeper level of personalization. ‘The others’ are blamed personally,

for not being interested in the organisation and for only following selfishly own interests. For example, according to one senior manager the financial pressure

‘was inflated, without doubt. And it was all about what is a suitable weapon to gain control. And, unfortunately, it is being used in a manner which I find very questionable to what in taking the organisation forward. It has changed the culture of the place to where I would say is uncomfortable.’

Finally, it is interesting to note that *only at this level* a deeply embedded belief system of traditional academic values surfaces. However, it would be too much to say that this level is now the real battleground between IU’s main official objectives of a ‘business-like’ student- and market-orientation, and deeply held convictions of a ‘traditional academic understanding’. Whereas the former dominates the official strategy papers and organisational agenda, the latter presents itself primarily in escapism, personal attacks and general complaints about managerialism and red-tape.

Conclusions

The data presented in this case study demonstrate that New Public Management does not provide the silver bullet for (public) organisations – on the contrary: First, it is not a consistent set of solutions. The ideas of market-orientation and becoming more ‘business-like’ do not provide any clear guidance. Following this ideology IU’s senior managers at the same time (can) make the case for economies of scale, standardisation, and centralisation as well as de-centralisation, flexibility, subsidiarity, and empowerment. In IU’s case New Public Management is an ‘odd combination of marketisation on the one hand and centralization of control on the other ...’ (Apple 2005, p. 11, also Hoggett 1996, p. 18). Such and other inconsistencies allow senior managers to take almost every position and to claim whatever suits them best. Many senior managers seem to refer to and use “grand ideas” and ideologies, fads and fashion, buzzwords and recipes in quite a pragmatic manner, i.e. based on situative requirements and to their own interests and advantages.

A second finding is that, in contrast to their alleged or expected positive outcomes, managerialistic approaches raise more questions and problems for organisations and the people working for them. Some of the problems are:

1. a narrow and opportunistic perception of an organisation’s environment primarily based on

- numbers and adjusted to the needs of a few powerful stakeholders.
2. a so-called business-like strategy that bulldozers values and ideas, convictions and attitudes that do not fit.
 3. increased tensions, pressure and battles between organisational units.
 - 4) negative effects on morale and motivation, a rougher working climate, and more distrust between people.

There is empirical evidence for the fact that the assumption of a much more challenging business environment and the implementation of New Public Management lead to much more challenging internal environment and working conditions (Newton 2003, p. 434). There seem to be little awareness amongst the proponents of New Public Management that strategic and change management approaches that seem to happen 'according to the management books' *do not cope* with problems but *they are the problem!* The impacts of managerialism on and consequences for organisations, people, and whole societies might be even worse than we can see already.

However, there seems to be even more at stake. Despite all assurances by the proponents of New Public Management that it is about "technical" issues the empirical evidence suggests otherwise. As an ideology it is primarily about power and control, dominance and supremacy. It is 'the modernist project which has as its heart the transcendence of professional management as a means of achieving control in organizations.' (McAuley et al. 2000, p. 87). It is a tool for managers to keep, gain or increase internal influence. And they know that it is more a rhetoric surrounding claims about supremacy. 'At issue here is the question of organizational discourses: which agenda is seen to hold sway?, whose interpretations are defining organizational reality?' (Cohen et al. 1999, p. 492). Senior managers are proponents of cosmologies who want to get their

ideology through as the organisation's primary strategic objectives. They are aware of the fact 'that the struggle for power in an organization is often a struggle to impose and legitimate a self-serving construction of meaning for others.' (Walsh 1995, p. 290). This is the real nature and use of New Public Management. It is primarily not about to make public sector organisations more efficient in a technical sense. As the data revealed it is more about to implement an ideology in the hearts and minds of people. Despite all its inconsistencies and negative consequences New Public Management is not really challenged in our time. It is part of the prevailing ideology of neo-liberalism and managerialism that have already entered many aspects of our daily lives. And although there seems to be still resistance to it, it is more at an operational level and shows itself more indirectly or in general complaints. At present there is no systematically elaborated and strong alternative. What this study, like many others, also reveals is the need for critical approaches in management studies (Apple 2005, p. 17). According to Whittington 1992, p. 708 management research should 'investigate how individual leaders constitute and sustain their authority within different social systems, ...' By now, the issues of power and politics have received too little attention in organisational studies, in particular in strategy and change management, management research and organisational learning (Ferdinand 2004, p. 435, Coopey / Burgoyne 2000, p. 869). We need approaches and research that a) contribute to a better understanding of how strategy formulation and change management in organisations *really* happen, that b) further investigate the causes, explanations, and consequences of ideologies such as managerialism, and that c) provide managers and employees alike with critical and emancipatory alternatives to the neo-liberal, managerialistic ideology and orthodox models of management and organisations.

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About the Author

Dr Thomas Diefenbach

At present Dr Thomas Diefenbach is one of four project members in a three year ESRC-funded research project 'Managers' Roles in the Evolution of Business Knowledge'. The empirical research is based on action research and close cooperation with several organisations. Thomas concentrates on manager's perceptions and their business knowledge, theories of knowledge management, change management, intangible assets, performance measurement and management. Before joining academia at the universities of Goettingen and Chemnitz, Germany, he had been working as a consultant, freelance lecturer, and for several companies in different industrial sectors.

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