Brokering the Public-Private Dynamics of Higher Education through Strategic Alliances in an Australian 'Hybrid' University

BOBBY HARREVELD, PATRICK A. DANAHER, DARYL ALCOCK AND GEOFFREY DANAHER

1. Introduction

Changes introduced in the Australian education system from the 1980s to the present day have had far reaching effects on the funding structures of Australian higher education programs and their modes of delivery, which have resulted in a diversification of the student 'catchment' markets (Dawkins 1988a, 1988b; Emmanuel and Reike 2004; Nelson 2003, 2004). These changes have three common themes: (i) recognition of the need for multiple funding sources for institutions operating within the higher education system; (ii) an emerging globalisation of the higher education market environment; and (iii) a view of higher education that positions it as serving intra- and international professional learning needs for social, economic and environmental sustainability.

The notion that such changes are 'brokered' has emerged from previous research into funding-induced changes in the vocational education and training sector in which educators were found to weigh-up, to assess and indeed to evaluate the worth or otherwise of their own, their students' and the system's interests, values, beliefs, assumptions, representations of themselves and perceptions of others (Harreveld 2002). Accordingly, these funding–induced changes in higher education have been

brokered at a number of levels: by individual educators, by students via their choices of study sites and types and by university management. Competition among universities for market-share, together with information communication technology (ICT) advancements, has had a significant impact on Australia's public universities' structures, their stakeholders and their markets. This has led to the emergence of the 'hybrid' universities which are not-for-profit public institutions acting in a commercial manner with for-profit business partners (Marginson and McBurnie 2003).

From within this context, we explore the implications of these competition-inducing funding shifts for the future governance of public universities that rely substantially for their survival on funds generated through strategic alliances. Eckel, Afolter-Caine and Green's (2003) broadly ranging research in North American and European higher education systems confirmed that:

"Competition, coupled with new opportunities created by emerging technologies, has spurred higher education institutions to become increasingly entrepreneurial and seek new ways to become more agile, offer new programs, and enhance their standing." (p. 5)

Social standing and economic survival are enhanced through strategic alliances which are created through networks of purposeful partnerships among individuals, community groups, companies, institutions, organisations and/or governments. For universities in the Australian higher education sector, these strategic alliances position individual institutions within their constituent communities and constructed marketplaces.

Strategic alliances also expose the public-private dynamics at work in higher education and highlight the fundamentally different roles of public and private partners in alliances. Public partners are understood to be 'not-for-profit' individual institutions or governments primarily funded by nation states. Private partners are 'for-profit' organisations operating in local and global markets. Partnerships are borderless in the sense that they may cross socio-cultural, sectoral and national boundaries. Our colleagues (Marshall et al. 2003, p. 225) have argued for a "glocal networked model for higher education in a borderless world". Their analysis of strategic alliances at our own university focused on the international education arena, which is but one of many sites in which strategic alliances are used to broker the changing political, social, cultural and economic borders of higher education. Conceptual contradictions between notions of 'borderless' and 'border-crossing' education are highlighted in our focus on international education because the ex-

pectations have been so high, the developments so commercially and culturally sensitive and the outcomes so mixed (see for example Chan 2004; Marshall et al. 2003; Willis 2000).

The issue of university governance in a globalised marketplace will become even more important as Australian public universities face increasing competition from within their own nation state when government policy actively fosters the further development of private universities. Coupled with the massification of higher education initiatives in developing countries, it is timely to analyse a public-private dynamic that is at a crucial stage of maturation in university governance. Accordingly, this paper will follow a somewhat different sequence from that traditionally expected because we want to focus on phenomena and their effects through the lens of a particular type of international education that has relied on strategic alliances between public institutions and private organisations. We intend this sequence to function as a catalyst for further research around the discourses of strategic alliances in the public-private dynamics of higher education. Throughout the paper, we will be deploying a research method that combines data from quantified statistical analyses using aggregated data at the national and international levels and qualitatively sourced data at the level of the individual.

First, we explore the concept of globalisation through its effects on a constructed higher education marketplace. Second, using the example of 'hybrid' universities, current strategies taken to exploit perceived windows of opportunity in this globalised higher education market are reviewed using statistical evidence and modelling of potential profitability and risk involved with globally-oriented strategies. Third, the chapter investigates university relationships with strategically aligned partners, the infrastructure of those relationships and the implications for human resource management associated with those alliances and other stakeholders in those relationships. Recommendations to ensure sustainability in quality, profitability and reputation through the delivery of higher education programs are then proposed. Finally, we use the notion of governance to interrogate our analysis and test its efficacy for further comparative investigations.

2. Globalisation and higher education

From the dissolution in the late 1980s of the 'binary' between Australian universities and colleges of advanced education, higher education institutions have sought to satisfy the complex and sometimes contradictory expectations of their stakeholders. By the beginning of this century, the

Australian Vice Chancellors' Committee (AVCC) noted a "diversity of institutions, courses, student mixes, educational practices and modes of delivery" (Australian Vice Chancellors' Committee 2004, p. 1). Yet this diversity has seen remarkably similar responses that are influenced by:

- government (for planning objectives, targets, priorities, funding initiatives and reporting requirements);
- industry (for supply of graduates and results of research);
- professional bodies (for program/course content and other certification requirements);
- staff (for salaries, conditions of service and access to facilities);
- business and government services (for purchase and supply of teaching, research and consultancy services);
- national and international markets (for students, in/outputs from research and teaching, networks and partnerships); and
- current and prospective students' expectations (for new course/program combinations and availability of courses and services in ways and at times convenient to them) (Australian Vice Chancellors' Committee 2004; Gallagher 2001).

This complexity of opposing forces has developed over time. Internally, university cultures derived from: different institutional histories; culturally framed social expectations from communities; and varying political and economic contexts at local, state and national levels. Externally, the Australian Commonwealth government's policy framed funding and industrial relations agendas have changed the structure of incentives within which universities must operate.[1] From his perspective within the Higher Education Division of the (then) Commonwealth Department of Education, Training and Youth Affairs, Gallagher (2001) identified the crux of the problem at an institutional level. On the one hand, the government would not allow universities "to vary either their student numbers or the prices they charged for the bulk of their business" but, on the other hand, they had to "fund salary rises not supplemented by government grants" (p. 8 of 24). It was this conundrum that caused publicly funded universities to seek other sources of income and consequently many became 'hybrid' universities that forged various types of alliances

---

1 OECD comparative data include Australia and illustrate the extent of autonomy in universities plus cross-country examples of new methods for allocating recurrent funding, models of governance and the appointment of university leaders (retrieved 31 July 2004 from: http://www.oecd.org/dataoecd/7/36/19815693.pdf)

with 'for-profit' partners (Koelman and De Vries 1999; Marginson and McBurnie 2003).

The Commonwealth government has progressively devolved financial responsibility to universities through a diminishing fund model while at the same time controlling subsidised growth in the domestic market. The government has enabled public universities to respond to the pressures of this challenge by seeking further sources of revenue in the growing international education export sector, especially through South East Asian and Pacific nations. Australia has a substantial capacity for higher education with 38 universities.[2] As an education exporter nation, Australia has used its development of borderless professional learning in the higher education sector to expand not only its education markets, but also its market penetration in many areas of business, entrepreneurial endeavours and aid programs in the Asia-Pacific region.

As a recently-named yet centuries-old phenomenon, globalisation has received both good and bad press depending on people's conceptualisations, perceptions, understandings and lived experiences with what they believe to be its causes and effects. At one and the same time, globalisation is positioned as a neo-conservative Anglophone force of capitalism that "gathers, redefines and creams off local human and environmental cultures for uses elsewhere" in localised contexts, *and also* as an "empowering and liberatory discourse" with the capacity to foster re/negotiation of public goods such as social justice, human rights, peace and security cooperation across nation states and whole continents (Singh and Shore 2004, pp. 269-270).

Enders (2004) interprets globalisation as a process of restructuring the nation state "through the deregulation of legal and financial controls, the opening of markets or quasi-markets (including in higher education), and the increasing primacy of notions of competition, efficiency and managerialism" (p. 367). He draws distinctions among the processes of globalisation, internationalisation, denationalisation and regionalisation (in the European context) yet concedes that they are "frequently used interchangeably to highlight the international activities and widening out-

---

2   This does not include the Australian Defence Force Academy and the Australian Graduate School of Management, but does include the private Bond University (retrieved 7 August 2004 from: http://www.australian-universities.com/list/). However, the distinction between 'public' and 'private' is becoming increasingly blurred as public universities can now enrol domestic students, as well as international students, on a full-fee paying basis (i.e., as private students); and private universities can receive publicly funded student places (see for example "Pell, Howard buy a university" in *Online Catholics*, 11, August 4 2004. Retrieved 7 August 2004 from: http://www.onlinecatholics.com.au/issue11/)

reach of higher education" (2004, p. 367). Teichler (2004) continues the distinction and defines internationalisation as the "totality of substantial changes in the context and inner life of higher education relative to an increasing frequency of border-crossing activities amidst a persistence of national systems" that is characterised by "increasing knowledge transfer, physical mobility, cooperation and international education and research" (pp. 22-23).

Such conceptual and procedural distinctions are useful for our purposes because they serve to illustrate the tensions of governance in public sector universities as they become embroiled in the public-private dynamics of globalised higher education. In their foreword to an OECD report investigating internationalisation and quality assurance in higher education, Knight and De Wit (1999, p. 3) position internationalisation as "both the concept and the process of integrating an international dimension into the teaching, research and service functions" of universities. Now in both its concept and process globalisation is a paradox that, in the context of higher education, is evident in the 'go global' decisions made by governing bodies of public universities that were initially established to service the learning needs of local communities.

3. The higher education marketplace

Universities have flirted with overseas markets over a long period of time. However, with the growth of the Asian markets within the last decade (notwithstanding the recession in the late 1990s), the relatively low cost to Asian students of Australian degrees, when combined with Australia's proximity and way of life, has given Australian universities a competitive edge in the Asian marketplace. Universities can charge full-cost fees for international students and entry for publicly funded Australian students is restricted. The following table (*Table 1: Foreign students enrolled in selected Asia-Pacific countries, by origin, 2001*) illustrates Australia's strong position as a 'player' in a globalised higher education market.

276

Table 1: Foreign students enrolled in selected Asia-Pacific countries, by origin, 2001

Country of Study	Continent where students were from:							
	Asia	Oceania	Africa	N. America	S. America	Europe	Unknown	Total
OECD nations								
Australia	77,849	6,534	3,837	5,477	920	12,763	3,409	110,789
Japan	58,170	443	676	1,474	761	2,106	7	63,637
Korea	3,299	28	44	220	41	135	83	3,850
New Zealand	7,971	1,200	143	648	106	998	3	11,069
Other nations								
India	4,004	31	2,558	275	0	120	0	6,988
Indonesia	266	31	3	26	0	51	0	377
Malaysia	16,217	57	1,552	67	24	553	422	18,892
Philippines	1,656	28	69	503	4	63	0	2,323
Thailand	1,445	30	19	113	4	147	750	2,508

Source: Organisation for Economic Cooperation and Development (OECD), Paris, unpublished data on international education; cited in Marginson and McBurnie 2003, p. 18

The data show that, in 2001, Australia cornered over 50 per cent of the Asia-Pacific higher education market for foreign students (110,789 out of a total foreign student enrolment of 220,433). Penetration in this market has been facilitated by ongoing ICT changes, and influenced by the cultural similarities/differences and geographical dispersion of the marketplace. The table (*Table 2: Top ten source countries for Australian higher education 2001-2003*) below depicts the Australian-specific situation in more detail. While the discrepancy between OECD data cited in Marginson and McBurnie (2003) and that provided by the Commonwealth government's Department of Education, Science and Training (Nelson 2004) is noted, it is not significant for the purposes of this discursive analysis.

Table 2: Top ten source countries for Australian higher education 2001-2003 (Nelson 2004, p. 31)

Country	2001			2002			2003		
	Onshore	Offshore	Total	Onshore	Offshore	Total	Onshore	Offshore	Total
Singapore	8 715	13 112	21 827	10 815	19 141	29 956	10 317	19 561	29 878
Hong Kong	6 790	12 426	19 216	9 304	17 652	26 956	10 969	18 200	29 169
Malaysia	9 467	8 211	17 678	12 443	11 282	23 725	13 781	13 486	27 267
China	6 268	2 563	8 831	13 466	6 130	19 596	19 368	7 652	27 020
Indonesia	9 516	577	10 093	11 088	893	11 981	10 748	1 117	11 865
India	5 568	265	5 883	7 716	674	8 390	10 513	620	11 133
USA	3 737	339	4 076	7 868	457	8 325	8 913	505	9 418
Thailand	3 031	432	3 463	4 598	604	5 202	5 300	515	5 815
Taiwan	2 677	294	2 971	3 342	635	3 977	3 512	898	4 410
Korea, Sth	2 365	69	2 434	3 230	175	3 405	3 594	173	3 767
Sub-total	*58 134*	*38 288*	*96 422*	*83 870*	*57 643*	*141 513*	*97 015*	*62 727*	*159 742*
Other Countries	23 603	4 514	28 117	35 012	8 533	43 545	39 792	10 863	50 655
Total	81 737	42 802	*124 539*	118 882	66 176	*185 058*	136 807	73 590	*210 397*

Source: 2001 – Overseas Student Statistics; 2002 and 2003 – unpublished Overseas Student Statistics
(a) Includes only public funded universities. (b) The scope of the Overseas Student Statistics (OSS) is broader than the Higher Education Statistics Collection (HESC) which counted only 112 342 overseas students in 2001. From 2002 HESC and OSS use the same scope.

279

From 2001 to 2003, the above data show an approximate 59% increase in Australia's combined on/offshore enrolments from countries in the Asia-Pacific region. They also illustrate the cultural, social, geographical and linguistic diversity of the student cohorts. However, a recent newspaper article warns of a potential funding crisis for universities reliant on this type of international student market as "applications from overseas students wanting to study at Australian institutions fell 10 per cent in the first six months of this year compared with the same period last year" (Illing 2004, p. 10). The independent not-for-profit organisation, IDP Education Australia, that is owned by the 38 universities and that was named in the newspaper report, does not dispute the statement, but notes that, while enrolments from countries such as Malaysia, Hong Kong, Singapore, Indonesia and Thailand have decreased, China and India's enrolments have increased substantially, as the following table (Table 3: Comparative data 2003-2004 for international onshore enrolments) illustrates.

Table 3: Comparative data 2003-2004 for international onshore enrolments

Country	Semester 1, 2003	Semester 1, 2004	Change
China	6290	9265	47.3%
India	3331	5059	51.9%
Malaysia	4311	3859	-10.5%
Hong Kong	3074	2784	-9.4%
Singapore	2849	2704	-5.1%
Indonesia	2648	2401	-9.3%
Thailand	1568	1389	-11.4%
South Korea	1127	1203	6.7%
Canada	895	1032	15.3%
Japan	861	1007	17%
Total all countries	**39805**	**42423**	**6.6%**

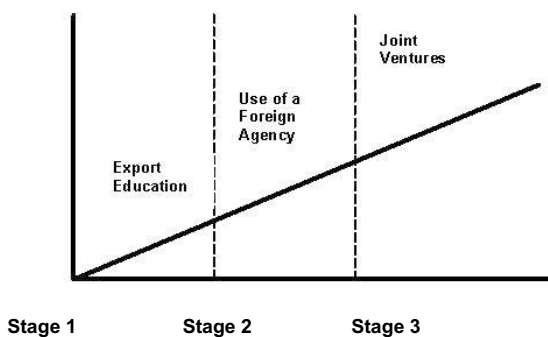*Denotes full degree students in Australian universities.*
Source: International Development Program (IDP) Education Australia,
International Students in Australian Universities – National Overview for Semester 1,
2004 (extract retrieved 16 August 2004 from: http://www.idp.com/mediacentre/)

Generally speaking, the development of the Australian international higher education market has developed in three stages:

280

- stage One could be considered as export education through the distance education mode, and an early introductory phase in the development of a growth strategy;
- stage Two was a more mature model using a foreign agency as a facilitative tool; and
- stage Three was the creation of partnerships and alliances with another party as an institution moved into a maturation phase in its life cycle. (see Figure 1: Stages in global growth and strategic alliances)

Figure 1: Stages in global growth and strategic alliances

Source: Adapted from Robbins et al. (2003)

Stage 1 – Export Education

Universities entered this first stage of 'export education' by delivering their own programs through distance education programs to international students offshore. Distance education programs were essentially correspondence courses written for Australian consumption, which provided consistency of the programs through standardised learning resource materials. Assessment was administered centrally from the university. The product (higher education) was seen to be in demand by the Asia-Pacific region as a prerequisite to compete and develop in an emerging global economy. However, the programs reflected a Western bias which exposed a limited understanding of the cultures into which the operation was extended. There was a growing awareness that more was needed to service these potential niches if they were to grow in number. One strategy was to acquire an offshore presence which could offer students more pastoral assistance, and this was facilitated via the use of a foreign agency.

Stage 2 – Use of a Foreign Agency

This second developmental stage still relied heavily on printed learning materials, but was supported with face-to-face teaching by a university academic who would visit the site and deliver lectures, workshops or seminars, and then depart. Process and content were dependent on the institution's inclination. This premise could be considered as the *principal-agent* model, and is predicated on an argument that the educational institution (not-for-profit partner), designated as *the principal*, is responsible for compliance with Government legislation such as Educational Services for Overseas Students (ESOS) 2000 that assures an educational set standard is rendered to a student. Should the for-profit partner, designated as *the agent*, fail to comply with such standards the responsibility for noncompliance rests with the *principal*, that is, the institution. The agency acted as a recruitment centre and a 'postage' depot for students. This stage of development highlighted the deficiencies in institutional capability to operate at a distance.

Financial difficulty with the collection and reconciliation of fees and expenses, together with a potential conflict of interest in an agency's recruitment practices, led to difficulties in managing this model. Growth in technology, coupled with perceptions of an increasing educational market pool, encouraged the more entrepreneurial institutions to consider alternative strategies to service the market.

Stage 3 – Joint Ventures

Universities began to realise that there was a need for a more structured approach to the delivery and teaching of their programs. However, capital financing was always going to be an issue for universities as not-for-profit institutions. Risk analyses ordained that finance should be generated through joint venture partners from the private sector. These could take the shape of licensing/franchises, foreign subsidiaries or alliances.

As these models developed, so too did the need for institutions to aspire to a level of management maturity that could ensure quality consistency in their product offerings, as well as continued profitability. Throughout the latter period of the 1990s and early 2000s, Australian universities experienced growing pains and a steep learning curve for management skill and expertise to cope with strategic alliances.

4. The public-private dynamics of strategic alliances

Historically, not-for-profit public sector institutions have been what can be termed "slow cycle industries" (Hitt et al. 1997), that rely heavily on clearly defined markets. Conversely, private, for-profit organisations are considered to have a sharper focus on marketing niches and changing demands of their particular market. Hence their responses to market demand are more rapid and their product cycles in relation to the market are much faster. For-profit organisations are in the business of education while public universities have a mission to provide education. The essential difference between the two partners is that the public partner has a public responsibility in terms of offering a wide variety of services while the private partner has a for-profit motive.

This presents a fundamental values and cultural difference that frames assumptions about "curriculum, the nature of faculty, research and service functions, institutional governance, admissions, services, and the like" (Morey 2004, p. 143). When two such organisations form an alliance, negotiation of these public-private dynamics is crucial if the relationship is to develop with positive outcomes for both parties. Ironically, the public university enters into such an alliance for the same reason as the private organisation: to make money, i.e., for profit. Furthermore, this highlights the anomalous position of a university being configured as a 'for-profit' institution that may incur loss which would presumably have to be underwritten by public 'not-for-profit' infrastructures and/or direct funds. In principle, though, the public university enters into an alliance only to use the profit to underwrite operating and/or investment costs related to its core mission, whereas the private partner might consider it as 'cherry picking'.

Key areas where public universities have risk exposure when partnering with private, for-profit organisations in the higher education marketplace are summarised below:

- one partner (not-for-profit organisation) being bound in tradition with a commitment to the maintenance of academic quality of its programs, with the other (for-profit) partner being bound by the need to grow revenue and to operate on low cost/unit margins, i.e., to ensure profit maximisation;
- potential competition between two alliance partners in a single geographical market segment (i.e. two universities both using the same for-profit organisation in separate partnership arrangements within the same section of the market);

- different staffing structures and industrial awards between the partners;
- the complexity of operations in product delivery (e.g. ICT infrastructure issues, interoperability of content management and learning management systems);
- an over-time divergence of partnership objectives and control functions;
- either or both organisation's/s' value chain partners potentially becoming its or their competitors (e.g. the for-profit organisation developing new partnerships with other higher education providers competing in the same marketplace);
- irreconcilable differences of organisational missions, cultures and values;
- changing strategic positioning of the public 'not-for-profit' university to comply with government policy, legislative requirements and funding processes;
- conflicting 'cost management' strategies of each organisation; and
- ongoing changes to the learning needs and requirements of students and other stakeholders.

All universities have a central generic growth strategy. To achieve this goal, one of the most common strategies used in the Australian context has been a commitment to continued recruitment from a perceived ever-expanding international market. However, as Hofstede (1980) warns, "managing international business means handling both national and organisation culture differences at the same time" (retrieved 12 August 2004 from: http://spitswww.uvt.nl/web/iric/hofstede/page4.htm). The delivery of programs to international students from diverse national cultures through different organisational cultures presents particular burdens on strategic alliances operating in global marketplaces.

Definitions of strategic alliance are legion. Broadly speaking, an alliance is the formation of a partnership between two or more organisations with mutually beneficial objectives (Hill and Jones 1995; Porth 2002). Each partner brings knowledge and/or resources into the relationship. Pearce and Robbins observed that "more than 20 000 alliances occurred between 1992 and 1997, quadruple the total five years earlier" (cited in Wheelen and Hunger 2002, p. 127). Strategic alliances are usually found in industries where supply chain management is of prime importance and they are generally acknowledged as being an attractive alternative to vertical integration because they avoid many of the bureaucratic costs of ownership. Strategic alliances are also a useful strategy for organisations that can have congruent goals. For example, one or-

ganisation can be asset rich but suffer from cash flow. Conversely, a firm with good cash flow may not have the potential to overcome barriers to entry into a complementary industry. An asset rich partner could provide that *entrée*.

Alliances among public sector bodies such as telecommunications, railways, power and more recently higher education institutions could be used to exploit a competitive advantage in expanding markets, to reduce the risk of financial exposure and to increase revenue. Such public sector, slow cycle organisations may choose to partner with a private organisation for a number of reasons. For example, a skilled marketing and recruitment agency can be used to recruit students for a university that does not have the expertise in this value chain activity. Generally the alliances are non-equity, which means that neither partner has an equity share of the other's assets. One example of a successful alliance is the consortium of 38 Australian universities and IDP (International Development Program) Education Australia, which acts as a recruitment agency for all universities[3].

Hill and Jones (1995) suggest that successful alliances depend upon three factors: (i) partner selection; (ii) alliance structures; and (iii) relationships management. Our preliminary research to date has used these three factors to frame our analysis of emerging qualitative data from one Australian university, focused initially on the words of an academic with considerable and direct experience of the possibilities and tensions attending that university's international education operations.

4.1 Partner Selection

As already noted from the review of previous research, the selection of a partner is a critical factor for an alliance. Partners must be able to contribute to the institution's strategic goals and they must enjoy a reputation for integrity and credibility in the markets in which they operate.

"In this instance [the] relationship between venture partners is founded on a mutual commitment to education through the delivery of a 'western' degree to the host country's students."

---

3 From his study on higher education consortia, Beerkens (2004, n.p.) found it "an interesting paradox" …that "alliances or consortia are based on both compatibility as well as complementarity. In the IDP example of a strategic alliance, performance is enhanced because the partners are different (with complementary resources) yet with compatible backgrounds.

However, conflicts of interest do occur. There will always be a potential for conflict of interest when a commercial partner (i.e., a private 'for-profit' organisation) finds that there are other commercial opportunities available. The private organisation may then seek to be an agent for a number of higher education providers of academic programs, all of which are in competition with similar 'products'.

"For example, the Singapore partner acting as an agent for a number of HE [higher education] institutions from Great Britain, or offering a…product in Hong Kong where another partner is also offering programs."

It has been found that 30-50 % of all alliances perform unsatisfactorily (Das and Teng cited in Wheelen and Hunger 2002) and in order to minimise risk, the partner selection process requires careful planning. The partner must have three principal characteristics.

- It must be able to help its partner achieve its strategic goals; in this case successful penetration into the export education market.
- The partner must share the organisation's vision of the alliance's purposes. If two companies approach an alliance with radically different agendas it could end in divorce.
- The partner must be one that is unlikely to try to opportunistically exploit the alliance for its own ends. For example, two educational institutions would have the same mission and goals; that is, higher education, whereas an organisation with a successful recruitment process, underpinned by an effective marketing strategy as its core business would need to be considered with a strong awareness of potential risk of ethical divergences.

4.2 Alliance Structures

In principle, contractual safeguards in alliance structures are designed to ensure that technology and/or intellectual capital is difficult if not impossible to transfer without appropriate agreements. Alliance structures have been found to be at risk if they do not address operational issues related to three key areas of: academic credibility and quality; program administration; and human resource management.

There are perceived 'threats' to academic credibility when international students choose Australia on the basis of cost (not all students are from wealthy families) and/or as a way of gaining residency:

"Students who enrol in Australian universities do so for two reasons. Firstly, it is cheaper than the northern hemisphere and secondly…[there is] the fact that it is a 'western' degree which will provide them with increased employment opportunities at home or the opportunity for permanent residency in Australia."

Academic quality and credibility can be placed at risk if the private partner expands their portfolio of activities to include segments of the core business of the public partner, for example, teaching. Program administration at both the academic and general levels can also be at risk with the dialectic tensions of competing goals.

As employees of the public partner, academic staff who are based at domestic campus sites and who develop courses for the international market may face increasing pressures as student numbers grow. Staff are:

"Laden with the academic management and administration of the academic operations and quality control systems across the campuses…. [They] may not have the time or resources to ensure that the program courses are of a recognised standard of quality."

At both on-shore and off-shore international campus locations where courses are taught by the private partner, academic staff are usually contracted on a sessional basis. Previous studies have found that such sessional staff have little ownership of courses taught (Bassett 1998; McKenzie 1997). Furthermore, they were found to have no commitment to the contracted work requirement other than their appearance at the contracted teaching times (see Table 4 below). These factors are perceived to engender little organisational loyalty to the employing private 'for-profit' partner, much less to the university.

"They are usually overcommitted to personal consultancies and maintain the same contractual arrangements with any number of higher education institutions…all committed to the same economic rationalist argument in education today….[The university] becomes just another source of easy revenue."

Alliance structures are such that administrative staff on all off-shore and local on-shore international campuses are employed by the private partner or through an agency contracted by that partner. Loss of corporate knowledge in student administration processes is always at risk with high staff turnover. Again, there are consequences to be brokered if institutional credibility and quality are to be maintained.

"The economic imperative of cost savings is the overriding objective by the partners as these savings contribute to the maximisation of profit with no off-setting costs of quality…. Again, these costs are borne by the faculties after distribution of profit."

4.3 Academic staff in a strategic alliance

As identified in the previous section, within an educational alliance the organisational/institutional design reflects a duality in the academic structure and mirrors the 'normal' university structure that incorporates both tenured and sessional (casual) staff. A focus group of five sessional academics discussed a range of topics that were linked to satisfaction surveys. The group was drawn from geographically dispersed campuses employed by a for-profit venture partner. The group members were asked to respond to statements that referred to degrees of satisfaction across a range of topics. Preliminary results are shown in the table (Table 4: Sessional lecturers' comments) below.

Table 4: Sessional lecturers' comments

Topic	Strength of response
Satisfaction with teaching	Positive
Sense of accomplishment	Positive
Co-worker relationship	Positive
Opportunities for advancement	Negative
Opportunities for research	Negative
Conducive teaching environment	Negative
Collegial membership of a unified teaching team	Negative

Source: Focus group comments (August 2004)

The general consensus of the group was a perception that there was a lack of professional respect given to them and their role. It was reinforced by the perception that there was a reluctance to commit enough resources to the task. There was also the perception that they were not encouraged by university academics to contribute input into the courses taught. Such results are consistent with earlier research carried out with sessional staff at a number of Australian universities (Bassett, 1998; McKenzie, 1997). They are typically at the margins and could be categorised as a marginalised workforce.

Thus while committed sessional academics are task oriented, they also feel marginalised. Commitment to the employer is minimal. Ironically, the alliance will benefit from this teaching commitment by default.

Unfortunately students do not benefit in a similar way, as the lecturers work only to the contracted hours. Further research in this area could usefully identify the factors that impact on sessional and contracted staff employed through separate remuneration schemes by partners in a profit/not-for-profit alliance. The implications of any proactive action to address the perceptions of academic staff would have to be considered within the complexity of the public-private dynamics of salaries, working conditions and identity re/formulation of educators in all sites of higher education. A successful alliance requires commitment to balancing these key issues.

Consequently, the challenge for alliance partners, in the pursuit of sustained market share, is to manage Beerkens' (2004), *paradox of co-operation*, within the criteria of complementarity and compatibility between partners; if efficiency, effectiveness and mutual profitability are to be achieved. In addition, quality assurance must also be factored into these criteria.

4.4 Education and Quality Assurance

In an educational context, quality assurance programs such as ISO 9001: 2000 serve to ensure that operational quality and consistency is maintained across partnership operations. Quality assurance of the integrity of the programs themselves is secured through moderation and course validation, and student satisfaction is confirmed through feedback surveys that provide continuous improvement in the teaching function. In addition, government legislation such as the ESOS Act (2000) and statutory bodies such as Australia's Commonwealth Government, Department of Education, Science and Training (DEST) provide a monitoring program on services for international students. In addition, to ensure consistency irrespective of where an institution offers its programs, universities' quality standards are assured through the Australian Universities Quality Agency (AUQA) audits.

Accordingly, risk for the public (not-for-profit) partner can be minimised through the adherence to quality assurance principles such as the following:

- Design alliances such that it is difficult, if not impossible, to transfer intellectual capital or technology that is not meant to be transferred.
- Write contractual safe guards into the alliance agreement.
- Agree in advance that both parties will exchange skills and/or technologies that each wants from the other, thereby ensuring a chance for equitable gain.

- Decrease the risk of opportunism by extracting in advance a significant credible commitment from the partner, which would make it less likely that the alliance would end with the institution giving away much and receiving little in return.
- Introduce a management company for alliance operations.

A precautionary measure in this risk minimisation process would be to ensure that members of a 'Board of Directors' do not have the potential for conflict of interest with partners in the alliance.

4.5 Relationships Management

Many lessons have been learned about the management of relationships in strategic alliances between public institutions and private organisations. While much discussion focuses on partnership and structure, recognition must also be given to the potential for conflict between opposing organisational/institutional cultures. Every organisation possesses a unique organisational culture consisting of "the pattern of basic assumptions, values norms and artefacts shared by the organisation's members" (Waddell et al. 2004, p. 426). Merging such cultures suggests that "their disparate cultures [and] size…may present too wide a gulf to bridge" (Hoff 2001; cited in Porth 2002, p. 149). The challenge for partners is the management of an emerging culture that is shaped by the dialectic tension between two opposing pairs of values existing simultaneously in a single entity organisation (or higher education institution).

The seminal work in this area is attributed to Hofstede (1980), who suggested that decisions regarding organisational practices should be made on the basis of scores for a country across four national culture dimensions: power distance; uncertainty avoidance; individualism-collectivism; masculinity-femininity. Power distance is the measure of the extent to which a society accepts the fact that power in institutions and organisations is distributed unequally. Uncertainty avoidance distinguishes how comfortable one feels in risky or ambiguous situations. Individualism identifies how much one values independence and the notion of self over the group or community (collectivism). Finally gender, like individualism and collectivism represents a dichotomy in which quantity of life (masculinity – assertiveness) reflects values such as assertiveness whereas quality of life (femininity) values sensitivity and concern for welfare for others.

Organisations have the same cultural divergences, and if the alliance is to survive the divergences must be acknowledged and managed if the

290

opposing values are to lead to cultural change and therefore convergence. An action plan to facilitate this convergence would include:

- creation of informal networks between partners complementary to the formal network;
- development of an ability and commitment to learn from each other; and
- education of all employees about each partner's strengths and weaknesses through systematic operational information exchange.

At the operational level, relationships among administrative staff need to be managed so that quality assurance systems and processes are understood and adhered to. In many instances,

"the remedial and recovery costs for breakdowns in administrative systems are ultimately borne by the faculties."

In one off-shore operation,

"poor administration, delays in the systems for academic controls and standards and poor monitoring of student enrolment procedures…[meant] that this vision has never translated into reality and borne fruit commensurate with the optimistic projections of student numbers."

Where relationships have been built upon a sensitivity to the cultural differences of the partners (fast cycle private organisations and slow cycle public institutions), alliances have been successful.

5. Governance of the public-private dynamics in strategic alliances

So what does the combination of educators' lived experiences, a national reform agenda (Nelson 2003, 2004) and the global growth of public-private dynamics in higher education mean for the future governance of universities? Governance in higher education is a key policy issue, not only for governments but also for non-government organisations and communities in the 21st century (Kennedy 2003). Conceptually, governance is a melange of state-mandated authority, responsibility and accountability reflecting the values of the civil society/ies in which an organisation or institution operates. Traditional notions of governance have relied upon shared values which have facilitated reconciliations of

competing interests as they occurred. However, competing national interests and local/global conflicts have increased economic and religion-fuelled tensions throughout the world such that, for globalised higher education institutions engaged in strategic alliances, reconciliation of values-infused competing interests is indeed a challenge.

In Australia, a recently released report from the Commonwealth Department of Education, Science and Training for the International Management of Higher Education (Emmanuel and Reike 2004, pp. 38-39) identifies the following challenges for university governance arrangements in the new, post-reform era:

- cumbersome government layers (i.e., State/Territory and Commonwealth jurisdictions competing and/or contradicting each other);
- composition of university governing bodies (e.g., number of people on councils, nature of appointments);
- development, implementation and monitoring of appropriate risk management strategies, accountability processes and internal controls in respect of their commercial entities.

The Commonwealth government has developed a uniform national protocol (National Governance Protocols) for university governance. Commonwealth funding increases will be tied to the demonstrated implementation not only of these protocols but also of workplace reform. Thus the funding will be used to craft compliance.

In a view shared by Duckett (2004), Emmanuel and Reike (2004) acknowledge that this will "create new challenges for the Commonwealth to ensure that the substantial past and ongoing public investment is protected and the best possible return on the public investment is achieved" (p. 39). For strategic alliances between public universities and private, for-profit organisations, relationships may have to move into a fourth stage of maturation to broker these changes (thereby building on, and also learning the lessons gleaned from, the first three stages depicted in Figure 1: Stages in global growth and strategic alliances presented earlier).

In this fourth stage, the issues of teaching and learning will be central because:

"The centrepiece of the Nelson Report is a series of proposals that focus on teaching and learning initiatives in universities. These proposals are comprehensive, covering access initiatives (including the number of places available, the discipline mix, and equity arrangements), initiatives designed to improve

the quality of teaching and learning, and strategies to enhance internationalisation." (Duckett 2004, p. 217)

There is the potential here for universities to broker the changes through foregrounding notions of 'internationalisation' of pedagogy and curriculum. Obviously the lessons learned from operating in local–global environments will stand 'hybrid' universities in good stead as previous and current partnerships and well-developed networks are mobilised in strategic alliances to foster internationalisation in a globalised education marketplace.

Significantly, though, the new National Governance Protocols will (hopefully) be robust enough to assist university councils and senior management to negotiate their way through the implications of the new funding relationship with the Commonwealth government (through the Department of Education, Science and Training). There is the potential for the Commonwealth government to regulate the discipline mix with individual universities, with consequences for both the university and the Commonwealth. If a university gets its discipline mix wrong and cannot meet the agreed-upon effective full time student load (EFTSL) for a particular year, then the university will be financially disadvantaged, a transition fund notwithstanding. If the Commonwealth miscalculates the discipline mix needed to satisfy local, regional, state and national labour market needs, then the Commonwealth is exposed to a policy risk (Duckett 2004). Either way, higher education governance is a key policy issue and instrument of practice for the future survival of all universities, particularly those established as public sector institutions.

In the Australian higher education context, Kennedy (2003, p. 64) has identified "a pronounced trend towards executive led university management and away from collegially driven management". However, policy framed, legislatively sanctioned and funding-induced changes to university behaviour call for *both* strong, transparent management -*and* vibrant, well-informed collegial participation at all levels of the organisation. Koelman and De Vries (1999) suggest a set of principles that could be used to guide the activities of 'hybrid' universities in their negotiations of strategic alliances with their private, for-profit partners:

- universities' public duty (teaching and research) may not be endangered;
- students should not become the victims of entrepreneurial activities;
- the prestige of the university as a public institution may not be harmed;

- commercial activities should connect with the core business of the university; and
- entrepreneurial risks should not be shifted onto the taxpayer (p. 176).

Using such principles to scaffold the 'business' practices of higher education in a globalised marketplace offers a socially inclusive internationalisation of curriculum and pedagogy that would ensure public universities remain relevant to their constituent stakeholders.

6. Conclusion

In this chapter, we have used both quantitatively and qualitatively sourced data to examine the ways in which the public-private dynamics of higher education's strategic alliances may be brokered. We found this to be a constructive way forward because it has enabled both complexity and context to be reflected and considered. This blended method engages with the aggregated statistical data used by national and state governments for funding and reporting purposes on the one hand and the discursive texts of participants' socially constructed realities on the other.

Growth in the international higher education market continues to expand as tax-payer funded federal funding is diminishing. So far, the market pool for Australian universities has been predominantly the Asian markets. Countries such as Singapore, Malaysia and China are eager to be participants in this growth industry, and opportunities for the development of profit/not-for-profit strategic alliances exist for the daring. While the profit potential is high, alliances between for-profit and not-for-profit organisations will have risks. There are a number of viable alliance models that can be assessed by the potential entrants to these markets while a cautionary note of care is advised. However, there is sufficient evidence to suggest that the benefits will outweigh the costs if the partnership is managed properly.

In a globalised higher education market, there is a great deal at stake for hybrid universities that must negotiate the public-private dynamics of strategic alliances. Funding-induced changes, and such universities' current responses to those changes, place considerable pressure on their capacity to broker their relations with their multiple student constituencies, their private, for-profit partners, the Commonwealth government and other stakeholders in ways that will ensure their long term sustainability. The future governance of these universities will need to enable flexibility and responsiveness to sometimes competing drivers, yet also

to ensure – and assure – appropriate quality of its teaching and research. The expectations, developments and outcomes accompanying these requirements are and will remain complex, contextualised and contradictory – yet with the potential for constructive and transformative new alliances and relationships.

References

Australian Vice-Chancellors' Committee (AVCC) (2004, August). *Assessing learning and teaching excellence: The AVCC proposal for the Learning and Teaching Performance Fund.* http://www.universitiesaustralia.edu.au/

Bassett, P. (1998). 'Sessional academics: A marginalised workforce'. *Presented at the annual conference of the Higher Education Research and Development Society of Australia*, Auckland.

Beerkens, E. (2004). 'Global opportunities and institutional embeddedness: Cooperation in higher education consortia'. *Presented at the annual conference of the Consortium for Higher Education Research (CHER)*, University of Twente, Enschede.

Chan, W.W.Y. (2004). 'International cooperation in higher education: Theory and practice', *Journal of Studies in International Education*, 8, 1, 32-55.

Dawkins, J.S. (1988a). 'Opening address'. *presented at the 1st national conference on the Green Paper on Higher Education, Higher education: A policy discussion paper, ministerial green paper*, Department of Administrative and Higher Education Studies, University of New England, Armidale, NSW.

Dawkins, J. S. (1988b). 'Higher education: A policy statement'. *White Paper circulated by the Minister for Employment, Education and Training,* Canberra, ACT: Australian Government Printing Service.

Duckett, S. J. (2004). 'Turning right at the crossroads: The Nelson Report's proposals to transform Australia's universities', *Higher Education*, 47, 211-240.

Eckel, P., Afolter-Caine, B. and Green, M. (2003). *New times, new strategies: Curricular joint ventures*. Washington, DC: American Council on Education, Center for Institutional and International Initiatives.

Emmanuel, I. and Reike, G. (2004). *OECD IMHE-HEFCE project on international comparative higher education: Financial management and governance*. Canberra, ACT: Department of Education, Science and Training.

Enders, J. (2004). 'Higher education, internationalisation, and the nation-state: Recent developments and challenges to governance theory', *Higher Education*, 47, 361-382.

Gallagher, M. (2001). 'Encouraging university responsiveness: Student-focussed incentives in Australian higher education'. *Paper prepared for the OECD-IMHE Conference on Management responses to changing student expectations*, Queensland University of Technology, Brisbane. http://www.dest.gov.au/higher_education/

Harreveld, R.E. (2002). *Brokering changes: a study of power and identity through discourses*. Unpublished Doctor of Philosophy thesis, Faculty of Education and Creative Arts, Central Queensland University, Rockhampton, Queensland.

Hill, C.W. and Jones, G.R. (1995). *Strategic management theory: An integrated approach* (3rd ed.). Boston, MA: Houghton Mifflin.

Hitt, M.A., Duane Ireland, R. and Hoskisson, R.E. (1997). *Strategic management, competitiveness and globalization*. St. Paul, MN: West.

Hofstede, G. (1980). *Cultures consequences: International differences in work related values*. Beverly Hills, CA: Sage.

Illing, D. (2004). 'How your uni ranks', *The Australian*, 24 November.

International Development Program (IDP) Education Australia. (2004). *International students in Australian universities – national overview for Semester 1, 2004*. IDP Media Centre Release. http://www.idp.com/mediacentre/

Kennedy, K. (2003). 'Higher education governance as a key policy issue in the 21st century', *Educational Research for Policy and Practice*, 2, 55-70.

Knight, J. and de Wit, H. (1999). 'Foreword', in Knight, J. and de Wit, H. (eds.), *Quality and internationalisation in higher education.* Paris: Organisation for Economic Cooperation and Development, pp. 3-4.

Koelman, J. and de Vries, P. (1999). 'Marketisation, hybrid organisations and accounting in higher education', in Jongbloed, B., Maassen, P. and Neave, G. (eds.), *From the eye of the storm: Higher education's changing institution*. Dordrecht: Kluwer Academic Publishers.

Marginson, S. and McBurnie, G. (2003). 'Cross–border post–secondary education in the Asia–Pacific region', in *OECD/Norway forum on trade in educational services: Managing the internationalisation of post–secondary education*.
http://www.oise.utoronto.ca/depts/tps/TPS1017/Globalization_Privat ization/Cross_Border_AsiaPacific.pdf

Marshall, S., Dekkers, J. and Taylor, W. (2003). 'Partnerships across boundaries: A glocal model for higher education in a borderless world'. *Presented at EDU-COM 2002 – Higher Education without Borders: Sustainable Development in Higher Education Conference*, Khon Kaen, Thailand.

McKenzie, J. (1997). 'Looking in from the margins: Casual teachers' views of academic work and casual conditions'. *Presented at the annual conference of the Higher Educational Research and Development Society of Australia*, University of Adelaide, Adelaide.

Morey, A. (2004). 'Globalisation and the emergence of for-profit higher education', *Higher Education*, 48, 131-150.

Nelson, B. (2003). *Our universities: Backing Australia's future*. Canberra, ACT: Department of Education, Science and Training, Commonwealth of Australia.

Nelson, B. (2004). *Higher education report for the 2004-2006 triennium.* Canberra, ACT: Department of Education, Science and Training, Commonwealth of Australia.

Porth, S.J. (2002). *Strategic management: A cross-functional approach*. Upper Saddle River, NJ: Prentice Hall.

Robbins, S., Bergman, R., Stagg, J. and Coulter, M. (2003). *Foundations of management.* Frenchs Forest, NSW: Pearson Education.

Singh, M.G. and Shore, S. (2004). 'Pedagogies of global/local hope: Disobedience in the face of globalism', in Kell, P., Shore, S. and Singh, M.G. (eds.), *Adult education @ 21st century*. New York: Peter Lang, pp. 269-285.

Teichler, U. (2004). 'The changing debate on internationalisation in higher education'. *Higher Education*, *48*, 5-26.

Waddell, D.M., Cummings, T.G. and Worley, C.G. (2004). *Organisational development and change.* Southbank, Vic: Thomson.

Wheelen, T.L. and Hunger J.D. (2002). *Strategic management and business policy (*8th ed.). Upper Saddle River: Prentice Hall.

Willis, M. (2000). 'The development of a conceptual framework for the identification of factors relating to the success of various types, levels and forms of strategic alliances and joint ventures between higher education providers in an international China based educational context'. *Presented at the Visionary marketing for the 21st century: Facing the challenge*. Australian New Zealand Marketing Academy conference, Gold Coast, Qld.