Title: Brokering the public-private dynamics of higher education through strategic alliances in an Australian ‘hybrid’ university

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Abstract: Central Queensland University [CQU] students will not pay higher HECS fees next year after the CQU council yesterday bucked the nationwide trend and voted not to raise fees. CQU vice–chancellor Glenice Hancock said the council opted against following the 25% rises approved by southern universities, despite the revenue it would have raised. “It would have been an easy route to take during these difficult financial times and very justifiable in strictly economic terms,” she said. “But the council looked at all the pros and cons and decided not to increase.”… Both Professor Hancock and CQU Chancellor Justice Stan Jones said the decision not to increase fees meant revenue and financial savings would have to be found elsewhere. (The Morning Bulletin, 6 March 2004)

The significance of this statement lies not just in its appeasement of regional constituents in Central Queensland, Australia; but also in the not so subtle warning that, as a consequence of this decision, the institution will have to fill an expected short–fall in its funding base for domestic students. While specific details of Commonwealth government initiatives to reform the higher education sector are not as yet finalised, one particularly significant initiative is the publicly (i.e. government) controlled enrolment ‘balance’ among different fields of study. If institutions miscalculate their curriculum mix for publicly funded courses, then what does this mean for their ongoing curriculum development and resourcing of publicly funded courses and offerings entered into with private–provider partners? This paper reports on the beginnings of a research project analysing ‘stories from the inside’ of a higher education institution that could be described as one of the ‘hybrid’ universities (Marginson & McBurnie, 2003, p. 58) operating both locally and globally within the Asia-Pacific region. The question used to focus the study asks: What are the implications of these shifts in funding for the future governance of a local–global university that relies substantially for its economic survival on funds generated from networks and partnerships in the public–private higher education sector?

Preliminary findings from the first stage of this project report discursively analysed data from aggregated statistics at the national level with individual and focus group interviews with participating lecturers. The themes emerging from these data are clustered around the infrastructure and implications of public-private relationships and alliances and of university governance in the early 21st century.
Introduction

Changes introduced in the Australian education system in the 1980s, and subsequent impending changes, 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 & 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. This area of microeconomic reform has engendered competition among institutions for market-share which, together with information communication technology (ICT) advancements, has had a significant impact on Australia’s public universities’ structures, their stakeholders and their markets.

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, Dekkers & Taylor, 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 expectations have been so high, the developments so commercially and culturally sensitive and the outcomes so mixed (see for example Chan, 2004; Marshall, Dekkers & Taylor, 2002; 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 follows 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 deploy 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 phenomena of globalisation and internationalisation through their effects in 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, together with the potential profitability and risk involved with globally-oriented strategies. Third, the paper 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 these 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.

Globalisation and internationalisation in 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) believed there to be 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. 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 with ‘for-profit’ partners (Koelman & De Vries, 1999; Marginson & 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 (HE) with:
• 36 public universities
• four private universities
• four self-accrediting non-university non-for-profit HE institutions
• a range of public non self-accrediting HE providers (e.g. Australian Defence Forces, some offerings by TAFE)
• approximately 100 non self-accrediting private HE providers.
(Guthrie, Johnston & King, 2004, p. 5)

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

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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)
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 & 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 outreach 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).

In this paper, the distinctions between the phenomena of ‘internationalisation’ and ‘globalisation’ 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. By this we mean that the globalisation of higher education does not necessarily mean the internationalisation of higher education and vice versa.

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

<table>
<thead>
<tr>
<th>Country of study</th>
<th>Continent where students were from:</th>
<th>Asia</th>
<th>Oceania</th>
<th>Africa</th>
<th>N.America</th>
<th>S.America</th>
<th>Europe</th>
<th>unknown</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD nations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td></td>
<td>77,849</td>
<td>6534</td>
<td>3837</td>
<td>5477</td>
<td>920</td>
<td>12,763</td>
<td>3409</td>
<td>110,789</td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td>58,170</td>
<td>443</td>
<td>676</td>
<td>1474</td>
<td>761</td>
<td>2106</td>
<td>7</td>
<td>63,637</td>
</tr>
<tr>
<td>Korea</td>
<td></td>
<td>3299</td>
<td>28</td>
<td>44</td>
<td>220</td>
<td>41</td>
<td>135</td>
<td>83</td>
<td>3,850</td>
</tr>
<tr>
<td>New Zealand</td>
<td></td>
<td>7971</td>
<td>1200</td>
<td>143</td>
<td>648</td>
<td>106</td>
<td>998</td>
<td>3</td>
<td>11,069</td>
</tr>
<tr>
<td>other nations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td></td>
<td>4004</td>
<td>31</td>
<td>2558</td>
<td>275</td>
<td>0</td>
<td>120</td>
<td>0</td>
<td>6,988</td>
</tr>
<tr>
<td>Indonesia</td>
<td></td>
<td>266</td>
<td>31</td>
<td>3</td>
<td>26</td>
<td>0</td>
<td>51</td>
<td>0</td>
<td>377</td>
</tr>
<tr>
<td>Malaysia</td>
<td></td>
<td>16,217</td>
<td>57</td>
<td>1552</td>
<td>67</td>
<td>24</td>
<td>553</td>
<td>422</td>
<td>18,892</td>
</tr>
<tr>
<td>Philippines</td>
<td></td>
<td>1656</td>
<td>28</td>
<td>69</td>
<td>503</td>
<td>4</td>
<td>63</td>
<td>0</td>
<td>2,323</td>
</tr>
<tr>
<td>Thailand</td>
<td></td>
<td>1445</td>
<td>30</td>
<td>19</td>
<td>113</td>
<td>4</td>
<td>147</td>
<td>750</td>
<td>2,508</td>
</tr>
</tbody>
</table>

The data show that, in 2001, Australia cornered over fifty 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 those 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
Source: Nelson, 2004, p. 31

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>8 715</td>
<td>13 112</td>
<td>21 827</td>
<td>10 815</td>
<td>19 141</td>
<td>29 956</td>
<td>10 317</td>
<td>19 561</td>
<td>29 878</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>6 790</td>
<td>12 426</td>
<td>19 216</td>
<td>9 304</td>
<td>17 652</td>
<td>26 956</td>
<td>10 969</td>
<td>18 200</td>
<td>29 169</td>
</tr>
<tr>
<td>Malaysia</td>
<td>9 467</td>
<td>8 211</td>
<td>17 678</td>
<td>12 443</td>
<td>11 282</td>
<td>23 725</td>
<td>13 781</td>
<td>13 486</td>
<td>27 267</td>
</tr>
<tr>
<td>China</td>
<td>6 268</td>
<td>2 563</td>
<td>8 831</td>
<td>13 466</td>
<td>6 130</td>
<td>19 596</td>
<td>19 368</td>
<td>7 652</td>
<td>27 020</td>
</tr>
<tr>
<td>Indonesia</td>
<td>9 516</td>
<td>577</td>
<td>10 093</td>
<td>11 088</td>
<td>893</td>
<td>11 981</td>
<td>10 748</td>
<td>1 117</td>
<td>11 865</td>
</tr>
<tr>
<td>India</td>
<td>5 568</td>
<td>265</td>
<td>5 833</td>
<td>7 716</td>
<td>674</td>
<td>8 390</td>
<td>10 513</td>
<td>620</td>
<td>11 133</td>
</tr>
<tr>
<td>USA</td>
<td>3 737</td>
<td>339</td>
<td>4 076</td>
<td>7 868</td>
<td>457</td>
<td>8 325</td>
<td>8 913</td>
<td>505</td>
<td>9 418</td>
</tr>
<tr>
<td>Thailand</td>
<td>3 031</td>
<td>432</td>
<td>3 463</td>
<td>4 598</td>
<td>604</td>
<td>5 202</td>
<td>5 300</td>
<td>515</td>
<td>5 815</td>
</tr>
<tr>
<td>Taiwan</td>
<td>2 677</td>
<td>294</td>
<td>2 971</td>
<td>3 342</td>
<td>635</td>
<td>3 977</td>
<td>3 512</td>
<td>898</td>
<td>4 410</td>
</tr>
<tr>
<td>Korea, Sth</td>
<td>2 365</td>
<td>69</td>
<td>2 434</td>
<td>3 230</td>
<td>175</td>
<td>3 405</td>
<td>3 594</td>
<td>173</td>
<td>3 767</td>
</tr>
<tr>
<td>Sub-total</td>
<td>58 114</td>
<td>38 288</td>
<td>96 402</td>
<td>83 870</td>
<td>57 643</td>
<td>141 513</td>
<td>97 015</td>
<td>62 727</td>
<td>159 742</td>
</tr>
<tr>
<td>Other Countries</td>
<td>23 603</td>
<td>4 514</td>
<td>28 117</td>
<td>35 012</td>
<td>8 533</td>
<td>43 545</td>
<td>39 792</td>
<td>10 863</td>
<td>50 655</td>
</tr>
<tr>
<td>Total</td>
<td>81 737</td>
<td>42 802</td>
<td>124 539</td>
<td>118 882</td>
<td>66 176</td>
<td>185 058</td>
<td>136 807</td>
<td>73 590</td>
<td>210 397</td>
</tr>
</tbody>
</table>

(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.
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” (Ilting, 2004, p. 10). The independent not-for-profit organisation, IDP Education Australia, that is owned by the thirty-eight 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 enrolment 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

Denotes full degree students in Australian universities.

<table>
<thead>
<tr>
<th>Country</th>
<th>Semester 1, 2003</th>
<th>Semester 1, 2004</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>6290</td>
<td>9265</td>
<td>47.3%</td>
</tr>
<tr>
<td>India</td>
<td>3331</td>
<td>5059</td>
<td>51.9%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4511</td>
<td>3859</td>
<td>-10.5%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>3074</td>
<td>2784</td>
<td>-9.4%</td>
</tr>
<tr>
<td>Singapore</td>
<td>2849</td>
<td>2704</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2648</td>
<td>2401</td>
<td>-9.3%</td>
</tr>
<tr>
<td>Thailand</td>
<td>1568</td>
<td>1389</td>
<td>-11.4%</td>
</tr>
<tr>
<td>South Korea</td>
<td>1127</td>
<td>1203</td>
<td>6.7%</td>
</tr>
<tr>
<td>Canada</td>
<td>895</td>
<td>1032</td>
<td>15.3%</td>
</tr>
<tr>
<td>Japan</td>
<td>861</td>
<td>1007</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total all countries</strong></td>
<td><strong>39805</strong></td>
<td><strong>42423</strong></td>
<td><strong>6.6%</strong></td>
</tr>
</tbody>
</table>

With a view to long term sustainability of this educational market, the Chief Executive of IDP Education Australia warns that:

We need to be innovative in how we market Australian education overseas in light of the increased competition. We must also provide students, who are now much more sophisticated and savvy, with more detailed information about specific courses under consideration so they can make informed choices. (Hyam, 2004 retrieved 16 August 2004 from: http://www.idp.com/mediacentre/july2004/article1213.asp)

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

- 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)
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. 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.

The public-private dynamics of strategic alliances

Historically, not-for-profit public sector institutions have been what can be termed “slow cycle industries” (Hitt, Duane Ireland & Hoskisson, 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. In the context of this paper, for-profit organisations are in the business of education while public universities have a mission to provide education.

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.

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) is bound in tradition with a commitment to the maintenance of academic quality of its programs while the other (for-profit) partner is bound by the need to grow revenue and to operate on low cost/unit margins, i.e. 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 may also become 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 organization 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 & 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 & 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 organisation 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.
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. The university has approximately 21,000 students across undergraduate and postgraduate programs, offered through campuses at Rockhampton, Gladstone, Bundaberg, Emerald, Mackay, Sydney, Melbourne, Brisbane, the Gold Coast, Fiji, China, Singapore, Malaysia and Hong Kong. In this paper we focus initially on the words of an academic with considerable and direct experience of the possibilities and tensions attending that university’s international education operations.

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.*

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 institutions from Great Britain, or offering a…product in Hong Kong where another partner is also offering programs.*

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…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 staff at the domestic campus sites who develop courses for the international market face increasing pressures as student numbers grow. Staff are:

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

On the international campuses (on-shore and off-shore), staff are contracted on a sessional basis. Academic staff have no commitment to the contracted work requirement other than their appearance at the contracted teaching times. This is 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] is just another source of easy money.

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. 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 offsetting costs of quality....Again, these costs are borne by the faculties after distribution of profit.

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, Cummings & Worley, 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) reflects values such as assertiveness whereas quality of life (femininity) values sensitivity and concern for the welfare of others.
Organisations have the same cultural divergences, and if the alliance is to survive the divergences must be acknowledged and managed if the 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,

\[
\textit{the remedial and recovery costs for breakdowns in administrative systems are ultimately borne by the faculties.}
\]

In one offshore operation,

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

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.

**Academic staff in a strategic alliance**

As identified in the previous section, within an education 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 (5) 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 Table 4 below.

**Table 4: Sessional lecturers’ comments**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Strength of response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction with teaching</td>
<td>Positive</td>
</tr>
<tr>
<td>Sense of accomplishment</td>
<td>Positive</td>
</tr>
<tr>
<td>Co-worker relationship</td>
<td>Positive</td>
</tr>
<tr>
<td>Opportunities for advancement</td>
<td>Negative</td>
</tr>
<tr>
<td>Opportunities for research</td>
<td>Negative</td>
</tr>
<tr>
<td>Conducive teaching environment</td>
<td>Negative</td>
</tr>
<tr>
<td>Collegial membership of a unified teaching team</td>
<td>Negative</td>
</tr>
</tbody>
</table>

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. They are typically at the
margins and could be categorised as a marginalised workforce (Bassett, 1998; McKenzie, 1997). The above preliminary findings are to be followed up with further research.

A tentative conclusion to be drawn from these preliminary findings and earlier work suggests that committed sessional academics are task oriented but 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. Our ongoing research in this area is expected to identify the elements of dialectic tensions that impact on sessional and contracted staff employed by 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 will 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.

**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?

A recently released report from the Commonwealth Department of Education, Science and Training for the International Management of Higher Education (Emmanuel & 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 organizations, 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
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 (Guthrie, Johnston & King, 2004) will (hopefully) be robust enough to assist university councils and senior management to negotiate their way through the implications of jurisdictional differences as well as 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 load of effective full time student units (EFTSU) 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.

Conclusion

Despite the preliminary nature of this paper, we have concluded that our use of a research method that combines quantitatively and qualitatively sourced data is a 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)
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 and educational institutions will have to consider their position in the face of diminishing federal funding. The market pool can be identified as 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 institutions 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 models that can be assessed by the potential entrants for access to these markets and 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.

Indeed, there is a great deal at stake that depends on this evidence and the overall benefits to be gained from the public-private dynamics in Australian higher education that it suggests. For the university cited in the introduction to this paper, the funding-induced changes, and the university’s current responses to those changes, have placed considerable pressure on the university’s capacity to broker its relations with its multiple student constituencies, its private, for-profit partner, the Commonwealth government and its other stakeholders in ways that will ensure its long term sustainability. As a ‘hybrid’, local–global university, its future governance 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.
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