Marketising Post-1992 Universities in the Knowledge Economy: A Value Chain Approach

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ABSTRACT

This thesis sets out to examine the impact of marketisation on the value chains of a number of English post-1992 universities between 1992 and 2010. The research focuses on the relationships and interplay between knowledge and value in the context of the knowledge economy and the increasing marketisation of the higher education sector. While the extant global value chain (GVC) literature tends to focus on manufacturing networks and chains, this thesis will argue that (quasi-) public service sector value chains, especially those in higher education provide important cases for study. In-depth interviews with twelve members of the 'institutional elite' within the post-1992 sector of higher education, supported by rich documentary analysis, provides compelling evidence for modifications to the existing 'value chain' framework in order to better account for the particularities of (quasi-) public services and service work.

The research proposes a typology designed to capture fragmented and commodified knowledge, and its practical manifestations, generated within the higher education sector. Beyond this, it attempts to rationalise the notion of value (in the context of the value chain framework) with the production, diffusion and dissemination of knowledge for higher education institutions. The study also develops a broad value chain for the post-1992 sector of higher education to explore the robustness of the conceptual 'value chain' framework for similar organisations.

The research concludes that marketisation has indeed in part been responsible for encouraging universities to re-structure their value chains. It also challenges the conceptual reach of the existing 'value chain' framework by making a number of insightful observations regarding the nature of (higher education) service activities. Specifically, it identifies a number of underplayed factors including (1) the treatment of knowledge and value (2) 'institutional elites' (3) 'ideology as governance' (4) the (quasi-) public service sector and (5) place as having particular consequences for the conceptualisation of (quasi-) public service sector value chains.

This is dedicated to my mum, Aileen Macguire, who started with me on this journey but was unable to accompany me to the end. I miss you.

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LIST OF ABBREVIATIONS

BERA   British Educational Research Association

BIS   Department for Business, Innovation and Skills

CBE   Commander of the Order of the British Empire

CBI   Confederation of British Industry

CIHE   Council for Industry and Higher Education

CPD   Continuing Professional Development

CSET   Centre for the Study of Education and Training

DAPs   Degree Awarding Powers

DfEE   Department for Education and Employment

DIUS   Department for Innovation, Universities and Skills

DTI   Department of Trade and Industry

ESRC   Economic and Social Research Council

EU   European Union

GATS   General Agreement on Trade and Services

GCC   Global Commodity Chain

GDP   Gross Domestic Product

GPN   Global Production Network

GVC   Global Value Chain

HE   Higher Education

HEA   Higher Education Academy

HEFCE   Higher Education Funding Council for England

HEIs   Higher Education Institutions

HEIF   Higher Education Innovation Fund

HESA   Higher Education Statistics Agency

HMRC   HM Revenue and Customs

IBT   Institute of Business Technology

ICT   Information and Communication Technology

IPRS   International Property Rights

ISCs   International Study Centres

IT   Information Technology

KIS	Key Information Sets
KOL	Kaplan Open Learning
KPIs	Key Performance Indicators
KTPs	Knowledge Transfer Partnerships
MEL	Mental Labour
MEN	Material Labour
MOOCs	Massive Open Online Courses
NHS	National Health Service
NSP	National Scholarship Programme
NSS	National Student Survey
NST	Natural Science and Techniques
OECD	Organisation for Economic Co-operation and Development
OFFA	Office for Fair Access
ONS	Office of National Statistics
OST	Office of Science and Technology
OVC(s)	Office of the Vice-Chancellor
PFI	Public Finance Initiatives
PPPs	Public Private Partnerships
PSI	Public Service Industry
QAA	Quality Assurance Agency
R&D	Research and Development
RAE	Research Assessment Exercise
REF	Research Exercise Framework
SBUs	Strategic Business Units
SLAs	Service Level Agreements
T&D	Training and Development
TQSE	Teaching Quality and Student Experience
TRIPS	Trade-Related aspects of Intellectual Property Rights
UCAS	Universities & Colleges Admissions Service
UCU	University and College Union
UH	University of Hertfordshire
UK	United Kingdom
UKBI	United Kingdom Business Incubation

UKSPA	United Kingdom Science Park Association
UNESCO	United Nations, Educational, Scientific and Cultural Organization
USA	United States of America
UUK	Universities United Kingdom
VCs	Vice-Chancellors
WORKS	Work Organisation and Restructuring in the Knowledge Economy
WTO	World Trade Organisation

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INTRODUCTION

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INTRODUCTION

1.1 KNOWLEDGE REVISITED

The notion of the knowledge economy has been used to capture the shifting structure of developed and developing economies from the twentieth century industrial era to what is referred to as the information age. As such a new orthodoxy has evolved to "describe, explain and indeed shape the contemporary economy and society" (Baldry *et al*, 2007:1). According to a recent report by the Work Foundation (Levy *et al*, 2011:2) economic success in global markets continues to rely heavily on the knowledge economy, which "at its heart … refers to activities which create value from exploiting knowledge and technology rather than physical assets and manual labour".

Central to this vision of a successful economy are sustainable and strong universities alongside investment in research and science (Levy *et al*, 2011). Since 1992 and the abolition of the binary divide between universities and polytechnics, there has been and continues to be extensive debate about the nature of the changes taking place in the higher education sector in England (UK), which ensures that education remains at the forefront of political discussions (BIS, 2011). The traditional image of the university is being tested by a number of factors including globalisation, widening participation and an increasingly market-centered view of education (Coaldrake, 1999). The 2011 White Paper in the UK proposed seismic changes to higher education, in particular with regards to the increase in students' fees and the deregulation of the sector to make access easier for private for-profit providers, and further education colleges.

One particular contention concerns the variety of ways and means of restructuring that universities are employing in order to ensure that they meet the needs of a knowledge-based economy (Blackmore, 2002). Ideological manifestations of knowledge are being transformed into practical materialisations or product(s)

whose value is increasingly "determined by economic measures and outcomes" (Bosetti and Walker, 2009:4). This raises concerns over the transgressive character of knowledge production within higher education. In turn this concern problematizes the notion of knowledge and its role in value creation, especially in a sector such as higher education, where the prime carriers of knowledge (the employees) are treated as costs rather than resources and prompts questions as to how the changes in the production, diffusion and commercialisation of knowledge in higher education institutions (HEIs) can be best understood. Much extant literature would suggest that the value chain framework is one of the best ways to interrogate such changes (Allee, 2000; Macmillan *et al*, 2000; globalvaluechains.org, 2011).

1.1.1 Justification for My Research

The broad aim of this thesis is to examine the influence that marketisation, in the context of and as an aspect of the knowledge economy, has had on the changing nature and shape of value chains in higher education. Much of the research is focused on the relationship and interplay between knowledge and value in the context of the knowledge economy and the increasing marketisation of the higher education sector. To date studies reflecting upon the labour processes in academia and in particular the contribution of agency remain relatively limited (Shelley, 1999). These concerns assume even greater significance when reviewed in connection with value chain analysis and as such will be returned to and discussed in greater detail later in this dissertation. The conceptual aim of this research is to examine the impact of the knowledge economy on value chains in higher education, while its theoretical goal is to enrich the existing value chain literature by incorporating new insights focused on (quasi-) public/service sector type organisations.

The novelty of this study is that it is based (in part) on empirical observations of a particular segment of the higher education sector. The primary data for this study is drawn from twelve leaders (ten vice-chancellors and two senior managers) from the post-1992 higher education sector in England. These "natural observers" (Tremblay, 1989 in Burgess, 1989) have all occupied strategic positions within

their own organisations, as well as playing influential roles at local, regional and national levels. The sample represents over twenty per cent of vice-chancellors and includes individuals who have all served on Select Committees and are Chairs and members of regional agencies. The majority are members of Universities United Kingdom (UUK), with at least two occupying positions on its Board. Most interviewees hold senior roles in various national bodies including the Higher Education Funding Council for England (HEFCE), and the Confederation of British Industries (CBI). While one member of the 'institutional elite' interviewed is the Chair of a mission group, a number of others have been awarded a Commander of the Order of the British Empire (CBE) and in at least one case have received a knighthood for their services to higher education.

As such these 'institutional elite' offer not only an overview of the changes that have occurred across the sector, but also expert perspectives into the actual changes that have occurred on the ground. Additionally, they provide personal accounts of the strategies that they have employed and executed within their institutions, and encouraged across the sector, in order to implement change. In summary, the evidence collected from these 'institutional elites' enables (a) comparison of the substance and rhetoric in changing value chains; (b) reflection on the different forms of knowledge that comprise value chains at an institutional level and (c) consideration of the role of agency played by the 'institutional elites' in reshaping value chains.

A departure of the work conceptually is that it uses the value chain framework, which is traditionally reserved for the analysis of primary products or manufacturing sectors and is used much less to analyse the service sector (Flecker *et al*, 2013). While much has been written about value chains in the private sector, less attention has been afforded in general to value chain analysis in the (quasi-) public or public sectors (globalvaluechains.org, 2011). In particular the emerging role of functions and processes like advertising and marketing in driving (quasi-) public sector value chains has been largely neglected by both academics and practitioners. This thesis begins the process to address this lacuna by exploring how marketisation, which has led to the fragmentation of knowledge within higher

education, is ultimately both a driver and an outcome of the changes made to value chains within the higher education sector.

1.1.2 Transforming Knowledge into Economic Value: A Value Chain Approach

Although historically some higher education institutions have undertaken research and consultancy on behalf of both the public and private sectors, it is only really since the latter part of the 1990's that such activities have become universally recognised as core functions of higher education. Previously, the more diffuse creation of knowledge in universities and the appreciation of a more general contribution to the economy and society meant that there was little recognition of the 'value' creation of the different components of knowledge, which in turn hindered the construction of a value chain.

Since 1992 (and more especially since 1997) there has been a gradual breakdown and fragmentation in the functions of universities through outsourcing, and the creation of specialist business units. Using a plethora of performance and financial metrics combined with the separation of business activities there is now a much greater emphasis on the 'economic value' created by different functions. In turn this 'unbundling' of activities and functions within higher education has presented the potential for sectoral and institutional analysis utilising the value chain framework. This is the context within which the value chain framework is being applied in this study.

The notion of value is inherently problematic and even more so when it is applied to higher education. It is often unmeasured and more often misunderstood. When utilising the value chain framework we are forced to consider how value is created. The framework defines value in terms of outcomes relative to costs, and in this sense it encompasses efficiency. Economic value within higher education can be seen to encompass both knowledge and intangible value exchange, but while it is possible to measure the revenues generated by knowledge and direct value exchange it is very difficult to account for any intangible exchange of value. Later in this work the various explanations of value are considered and debated.

For now it is important to establish that where the term value is used within this dissertation it is in the sense of value in its simplest form as either (1) an 'exchange value' or (2) intrinsically related to the worth derived by the consumer. This 'definition' allows the study to consider the merits of applying the value chain framework to the higher education sector without the complications of attempting to allocate values to intangibles items, such as surplus labour.

The value chain framework also claims to provide opportunities to examine interactions in business models at different levels. In other words the framework permits analysis of both the (total) production chain as well as the separate activities that make up the chain. Therefore using the framework it is possible to view the value chain simultaneously as (1) a complicated arrangement of interlinked business functions, each adding economic value to an end product, while (2) perceiving the organisation of the value chain as an economical and technological aggregation of business functions (Huws *et al*, 2009). Recent global studies including a project carried out as part of the WORKS (Work organisation and restructuring in the knowledge society) project have recommended the use of the framework for a number of reasons including its ability to capture the *actual* changes taking place in the organisation of work across Europe (Huws *et al,* 2009).

The use of the framework also presents an opportunity to consider the possibility of extending the concept beyond manufacturing (where it is routinely used) to cover the service and (quasi-) public sectors. To date the majority of studies and literature utilising the value chain framework tend to centre on the private or manufacturing and industrial sectors, although the phenomenon of 'consumer sovereignty and choice' exist in much the same way in the public sector (Clancy, 1998; Macleod, 2006). The nature of higher education as a service and more specifically as a (quasi-) public/service sector however, does conflict (at least theoretically) with the overtly productionist nature of GVC. This limitation, however, refers not only to the model's underdeveloped view of consumption, but also to the limited practical applications of the model to the public sector (Wood, 1999; Coe *et al*, 2008b). Studies carried out to date have tended to overlook the hierarchy of activities within the chain, and in particular the power of functions

and processes like advertising and marketing in driving public sector value chains. There has also been little attention paid, not only within the value chain literature but also on a wider level, to the behaviour of key actors within the higher education sector and beyond (Shelley, 2005) which have undoubtedly affected the business model outcomes of universities.

In summary then the decision to employ the value chain framework within this study was based on a number of criteria. Firstly the notion that higher education has become a "commercial transaction, the lecturer as the commodity producer and the student as the consumer" (Naidoo and Jamieson, 2005:29), has led to the unbundling of traditional activities within higher education, which in turn lends support both in practical and theoretical terms to the application of frameworks like value chain to higher education. Secondly, the framework is considered important in that it enables the identification of the nodes of knowledge production and the type of knowledge produced within institutions and their relationships to other activities and value chains, and hence allows us to explore the changes that have occurred within the sector, since the 1990s. Thirdly and fourthly are its pre-eminence as a model (Kaplinsky and Morris, 2001; Huws *et al*, 2009) and its propensity to examine value (which is considered a particularly vital resource in knowledge-type service industries such as higher education) as a unique resource, asset or position within the series or chain of activities (Fuller et al, 2010). Finally, the framework was chosen because of its acknowledged capacity to capture and explore the notion of knowledge within wider processes (Ramioul and de Vroom, 2008).

1.2 FORMULATION OF RESEARCH QUESTIONS

At the outset the aim of the thesis was to interrogate the various meanings of the 'new' or 'knowledge economy', and to explore how much the notion of the 'new economy' was driven by "a mountain of descriptive material" but "a lack of clarity in determining its origins and … dimensions" (McNicoll *et al*, 2002:29). As part of the initial investigative process it quickly became evident that there was general confusion surrounding the use of knowledge terminology. The preliminary

review of the knowledge economy literature quickly led to a refining of the research focus into a specific area of interest, namely the higher education sector. This subject area was especially appealing for a number of reasons: including (1) the presumed close relationship that exists between the knowledge economy and the higher education sector; (2) the recent and on-going transformation of universities to conform to the notion of a knowledge-based society; and (3) the far reaching changes in the higher education sector especially from 1992 onwards.

One of the most significant themes to emerge from the initial stages of the documentary analysis was the changed nature and form of knowledge within higher education. In turn this led to the honing of the research topic to consider the extent to which the fragmentation of knowledge was contributing to the restructuring process of the higher education sector. This began to highlight the significance of the role of marketisation within the knowledge economy and ultimately within the value chain systems of higher education institutions. The desire to understand more fully these changes led to the adoption of the value chain framework.

Therefore, the main research focus of this study is:

- To establish to what extent and in what sense the conceptual 'value chain' framework can be used to explore the marketisation of higher education, with specific reference to the post-1992 sector.

This lends itself to the formulation of the following set of interrelated research objectives:

- To identify the different forms of knowledge present in the value chains of post-1992 HEI's in England.

- To draw conclusions about the applicability of the 'value chain' framework to post-1992 HEI's in England.

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- To identify and describe other factors/relations outside the reach of the 'value chain' framework that may have influenced the business models of post-1992 HEI's.

- To draw wider inferences about the applicability of the 'value chain' framework to other (quasi-) public/service sector type organisations, including the broader higher education sector.

It is a central assumption of this study that in order to increase the competitiveness of the national economy successive UK governments have increasingly introduced marketisation into areas of public service in general and in the higher education sector in particular. This has resulted in a reframing of knowledge, which can be seen in the increasing emphasis on applied research and its impacts, and the commodification of individual and collective intellectual property. In turn this has encouraged universities to unbundle their value chains in such a way that they are able to differentiate their institutions in an era of increased competition. This stimulated a discussion over the extent to which the rhetoric of the knowledge economy has been assimilated and naturalised within higher education institutions, and resulted in the final research objective.

- To consider the extent to which the process of change within the value chains of post-1992 HEI's has been one of rhetoric or substance.

1.3 RESEARCH BACKGROUND

The time frame for this study is the period commencing May 1992, from the dissolution of the binary divide, and ending in May 2010, to coincide with the election of the current UK Coalition (Conservative and Liberal Democratic) government. The significance of this period for this study is the contention that from 1992 onwards increasing change has laid the basis for the marketisation of the higher education sector. The main changes and events that have occurred in this eighteen year period include the introduction of: student fees, external audits of teaching, and research and academic standards; market-based practices

(including policies designed to encourage universities to become more business-facing) into the higher education sector; set against declining public funding and the increased size of the higher education system (Deem, 2004). This study recognises that a number of significant changes have occurred across the sector since May 2010, and these will be discussed briefly in the final chapter of this dissertation.

1.3.1 Globalisation and Neoliberalism

Globalisation or the "processes of change which underpin a transformation in the organization of human affairs by linking together and expanding human activity across regions and continents" (Held *et al,* 1999:15) has according to Ball and Youdell (2008) been a major factor influencing education systems globally. Although, the extent to which globalisation has occurred is contested (Hirst and Thompson, 1999), along with its "civilising, destructive or feeble" (Hirschman, 1982:1463) effects, most commentators concur that globalisation has contributed to the contemporary changes in the higher education sector across the globe (Robertson, 2007; Ball and Youdell, 2008; Kelsey, 2008). The emergence of new technologies coupled with deregulation has encouraged the growth of a number of new service providers including corporate, and for-profit institutions alongside existing private universities and colleges and other specialist institutions (Middlehurst, 2001). This has also manifested itself in universities expanding beyond national boundaries and internationalising through a number of modes such as franchises and new campuses.

The term neoliberalism is often used interchangeably with that of globalisation. In this dissertation however the two are treated as separate, but interrelated phenomena. Steger and Roy posit that as neoliberalism has taken on various guises across the world, it is more correct to refer to it as "neoliberalisms" (Steger and Roy, 2010: x). The perspective has at its core a belief in the properties of free markets as a way of promoting growth and managing economies, individualism and a minimal state. It is concerned with the changing relationship between the state, labour and markets. There are a number of areas of theory and policy, which are central to neoliberal thinking including: the liberalisation of trade and

investment across national boundaries to open up new markets for capital, production and or raw materials or labour; and the inference that the private sector rather than the state is more efficient in responding to the market. The policy outcome of this is privatisation of public and welfare services, and or the introduction of private sector concepts into public sector organisations (Hardy, 2009). The term has come to be widely associated with the language of markets, efficiency, consumer choice, transactional thinking and individual autonomy (Lynch, 2006). In Europe over the last twenty years there has been a steady shift towards the privatisation of public services, including education, housing, transport, and care services (Harvey, 2005); with governments demonstrating a progressive willingness to transfer the cost of public services to the individual, and individuals increasingly being deemed to be responsible for their own well being and welfare (Rutherford, 2005).

It is the widespread use of these terms that make them integral to this study. However, both nomenclatures (globalisation and neoliberalism) have become increasingly value-laden. What is important to establish however, is the contextual background against which the changes in higher education have and are occurring and as such these two phenomena, and their relationship with higher education are pivotal to the emerging narrative.

1.3.2 Knowledge, the Knowledge Economy and the Marketisation of Higher Education

In Europe the notion of the new knowledge driven economy is at the heart of current policy making, and academic debate (The Sapir Report, 2004). In Britain, between 1975 and 2001, employment in traditional manufacturing fell from just over eight million to just over four million (Institute for Manufacturing, Cambridge University, 2002), and by 2011 accounted for between 12- 13 per cent of the country's output (Elliott, 2011). In comparison by 1999, 76 per cent of all employees worked in the service sector (Smith, 2003) and the sector accounts for around 75 per cent of UK output according to government figures (DTI, 2007). This has led to a society-wide focus on 'knowledge' and international

competiveness. In turn governments have designed policies and regulations to encourage an education system capable of developing "efficient, creative and problem-solving learners and workers for a globally competitive economy" (Robertson, 2007:11).

Research, education and knowledge production are considered to be key features of the knowledge economy (Hagen, 2008 in Engwall and Weaire, 2008). Increasingly the 'utility' or 'market value' of higher education (Etzkowitx, 2002) is valued above the notions of reason and culture (Barnett, 2000). Knowledge is no longer regarded for its own sake and is increasingly linked with 'economic' value (BIS, 2009). Knowledge in the form of intellectual capital or as a key resource or asset (Fuller *et al,* 2010) is privileged over all other types of knowledge. Priority (in terms of financial support and policy) is given to transferring knowledge into activities that create wealth in order to make the country more economically competitive.

In the latter half of the twentieth century, governments became preoccupied with expanding higher education to meet the needs of a knowledge-based economy. The rapid expansion of the higher education sector in the UK was accompanied by a significant rise in the costs of providing higher education. In order to meet these increased costs institutions have been encouraged to look for alternative means of attracting private funding and to reduce their reliance on the taxpayer. In addition to teaching and research, universities are expected to take on technology transfer and commercialisation as part of their mission. This has widened the higher education debate to include issues such as: alternate means of funding the expansion, for instance higher student fees; the increased marketisation of education; and increasing access for non-traditional students (ESRC, 2011).

The notion of marketisation is often confused with that of privatisation which is: "the process of enabling state owned organisations to operate like market-orientated firms" (Vickerstaff, 1998:63), and often involves the reduction of state subsidies and "the penetration of private capital ownership and influence" (Brown, 2011:17). Marketisation can be viewed as a step in the privatisation process, when market orientated reforms are introduced but not necessarily full private ownership. The marketisation of higher education is better thought of as

"the supply of higher education services along market lines" (Brown, 2011:17). Here marketisation can be seen as part of the overall process of change that is occurring across the sector, and it is possible to trace in its origins the influences of neoliberalism and globalisation.

The marketisation of higher education as described by Williams (1995), or "the application of the economic theory of the market to the provision of higher education" (Brown, 2011:1), is reflected in a number of new activities and parameters across the sector. Wedlin (2008) suggests that the process of marketisation whereby science is introduced to the ways of the market is a gradual one, and involves the acceptance of market ideology underpinned by reforms designed to reinforce the primacy of the market. Rankings across and within institutions and league tables have proliferated, while academic research *per se* has been increasingly subject to market criteria, and institutions have allocated increased resources to functions such as marketing. This has led to the contention that "marketisation has now become the dominant organising principle of higher education" (Shelley, 2002:16). Over the last decade the ethos of business competition has been slowly but steadily introduced into the public sector (Whitfield, 2006), alongside the notion that what today's increasingly sophisticated consumer wants is choice or the replacement of producer domination with customer sovereignty (Elliott and Atkinson, 2007).

From this, links can be drawn directly between the marketisation of higher education, where educational products and processes, including knowledge are increasingly valued in monetary terms (Naidoo and Jamieson, 2005; Naidoo, 2007) and value chains in higher education. Causal links between marketisation and specific changes in the shape of value chains can be inferred by reference to such factors as: competition, commodification, commercialisation, corporatisation, and the fragmentation of knowledge, which are explored in detail later in this work.

1.4 THEORETICAL AND CONCEPTUAL FRAMEWORKS

The conceptual framework for investigating the research questions draws on three main strands of literature, which are integrated in a novel way. The first strand of literature focuses on the knowledge economy (Chapter Two); the second thread relates to the notion of the marketisation of higher education (Chapter Three) and the final strand draws on the value chain framework (Chapter Four).

The first strand of literature tends to be eclectic in nature. The notion of the knowledge economy draws heavily from the ideology of human (Becker, 1964) and social capital (Putnam, 1993) and relies on the conceptualisation of knowledge as a key resource (Fuller *et al*, 2010). Implicit in all these theories is a direct correlation between the acquisition of skills, brought about by training and or education and the productivity and earning potential of individuals and hence the growth of the economy and benefits for society (i.e. more tolerance and cohesion) in general (Smith, 2003). Some academics question these assumptions (Keep and Mayhew, 1991; Harrison, 2002; Reid *et al*, 2004) and contend that even after fifty years of research there is little hard evidence to confirm any correlation between science, technology and productivity (Godin, 2003; Boulton and Lucas, 2008). This strand also incorporates the diverse literature concerned with the production function of knowledge (Gibbons *et al*, 1994; Noam, 1995; Jarvis, 2001; Carchedi, 2005).

The second literature strand refers to the body of work documenting the marketisation of higher education. In the last twenty years both developed and less-developed capitalist economies have, to different degrees, seen an increasing trend towards the privatisation of public services, with governments transferring the cost of services to the individual (Lynch, 2006). Observers in some quarters posit that over the last decade universities have been transformed into "consumer-oriented corporate networks, whose public interest values have been seriously challenged" (Lynch, 2006:1). This increased commercialisation of education or 'McDonaldisation of education' is seen by some as a threat to the impartiality and credibility of educational value in the UK (Daniel, 2000; Lynch, 2006). Both the current Coalition Government and the previous New Labour Government (1997-

2010) contend that universities occupy central positions in respect of both national and localised learning because they carry out numerous research and development projects that are likely too specialised or expensive for individual or small, local firms to undertake (Lambert Report, 2003). Critics argue, however, that while universities undoubtedly have a role to play in driving innovation, it can only ever be a minor one (Boulton and Lucas, 2008).

The final thread that underpins and informs this study is the literature of the value chain framework. The research proposes the use of the framework to assist in charting the trajectory of marketisation in higher education. The notion of value chains has a rich history, but Gereffi (1994) is usually credited with first positing the global commodity or production chain concept. The distinctions proposed by the varying terminologies (Global Value Chain /Global Production Network) are explored in depth in Chapter Four. In his seminal work Gereffi equates the processes involved in the production and distribution of goods and services to a number of links in a chain. Every chain consists of a varying number of links, and each link in turn represents a separate, but interrelated activity in the production and distribution of goods and services i.e. design and marketing represent two links in the commodity chain for the apparel industry (Gereffi, 1994). More recently work in some quarters has set out to extend the GVC model (Coe *et al*, 2008a and 2008b; Smith *et al*, 2002). The relatively new Global Production Network (GPN) approach focuses more on the changing power networks and the complexities of space and time that exist in modern, global systems of production and exchange.

Ultimately, this study seeks to use the value chain framework to understand how changes in the production and creation of knowledge (newly defined by the knowledge economy) have influenced the unbundling of activities within the value chains of HEIs. It is here that the significant contribution of my research to knowledge will be evident, in seeking to critique the framework of value chains for the HE sector; it will present evidence to question the congruity of the extant value chain framework for (quasi-) public/service sector organisations in general and in particular for post-1992 higher education institutions.

1.5 THE STRUCTURE OF THE DISSERTATION

This introductory chapter has noted that the primary aim of this study is to explore the relationship between the knowledge economy in the guise of marketisation and the value chain(s) of post-1992 HEI's. The chapter moves onto explain how the original research emphasis shifted from a more general overview of the knowledge economy, to focus more specifically on the significant effects that the push for a knowledge economy was having on higher education. The influence of marketisation can be seen in the fragmentation and reshaping of knowledge, which in turn has influenced the activities and functions carried out by universities. The main research question and ancillary research objectives set out to consider the extent to which the framework of value chains can be used to explore this phenomenon.

Chapter Two is the first of a number of literature review chapters. Its primary concern is to summarise and synthesis the arguments and ideas raised in the many literature strands related to the knowledge economy and its various pseudonyms (the new economy, the weightless economy, the information economy). In so doing it is motivated to explore the theories of relatable notions such as knowledge and innovation, and ultimately to consider an alternative theory of knowledge production (under capitalism).

Chapter Three documents the changes in the English higher education sector over the past eighteen years. The narrative of change focuses especially on the reorientation of the sector towards a more tradable service type industry. The chapter then explores the notion of marketisation, and its key drivers and the extent to which the phenomenon is influencing the nature of higher education. Throughout, the chapter draws together the notions of the knowledge economy and marketisation, by tracing the shape of competition and markets in the HE sector.

Chapter Four focuses on the conceptual value chain framework. It provides an overview and critical evaluation of the current literature in respect of the global value chain and global production network theories. It restates the rationale for

choosing the GVC framework to explore higher education. It also considers the notion of value, in the context of value chain theory. The existing literature is examined and in particular its known limitations are discussed.

The Methodology Chapter (Five) is concerned with explaining the research methods that have been used to carry out this study. The research design involves the use of a number of qualitative case studies, which include data from both primary (vice-chancellor interviews) and secondary (documentary analysis) sources. It employs a mixed method, mixed methodology approach that combines both inductive and deductive reasoning to draw its conclusions. The chapter details the main components of the chosen methods for the research, including an in-depth critique of the chosen data-collection and data-analysis methods. It also highlights a number of obstacles that made the fulfilment of the research study objectives more challenging, and explores the rationale for not utilising apposite strategies. The ethical implications of the research are explained and the training and preparation that were undertaken by the author in order to ensure that all of the stages of the research process were carried out competently is discussed.

Chapter Six explores some initial findings from the secondary data (that were collated and analysed prior to the primary data collection exercise) in conjunction with the reviewed literature to produce a conceptual map of knowledge and a broad value chain for higher education, and to introduce a typology of knowledge and value. In so doing it contextualises and highlights the potential of the planned study to expose differences between the objective rhetoric (secondary data) and the subjective reality (primary data) of the march to the market and demonstrates the need for studies such as this to supplement the extant research. The chapter also acts as a clear signpost to both the research questions (Chapter One) and the empirical work (Chapters Seven and Eight), proposed by this study. It also provides an extended discussion of the value chain framework (previously discussed in Chapter Four), concentrating in particular on the relevance of the framework to a (quasi-) public/service sector type organisation such as a university.

Chapters Seven and Eight are dedicated to reporting and analysing the qualitative data, which is drawn from twelve interviews with 'vice-chancellors' from post-

1992 universities across England. The chapters are divided into sub-headings commensurate with the thematic analysis that occurred throughout the study (for a detailed explanation of the evolution of these common themes and categories see Chapter Five). Chapter Seven set outs to explore the vice-chancellors' understanding of the knowledge economy, and their perceptions surrounding the changing nature and function of knowledge. It also examines how at an institutional level marketisation has influenced the reshaping of value chains, through the lens of commercialisation, corporatisation, commodification and competition. The chapter also seeks to identify how these aspects of marketisation have been embedded within institution(s). The final part of the chapter turns to examine the role of the 'institutional elite' within the process to see how these key individuals have contributed to the specific outcomes of the re-structuring processes within their institution(s).

Chapter Eight commences by investigating how the 'new' functions and activities of knowledge have impacted on value chains at the institutional level. In the first section it identifies the broad changes that have occurred across the higher education sector and within the role of universities. It then turns its focus to the functions of marketing and branding and how these are being used to differentiate institutions in a fairly homogeneous sector. Finally, in closing the chapter examines the significance of location upon the value chains of higher education.

Chapter Nine reflects on the final research findings drawing a number of conclusions in relation to the broader significance of the study and its implications for the conceptual value chain framework. In particular, it identifies a number of novel items that are missing from the extant value chain literature and in so doing suggests the need for a more nuanced and contested view of value chains for use within the (quasi-) public/service sector, specifically the higher education sector. It also reflects upon the broad value chain for higher education, and revisits the conceptual map of knowledge, and the typology of knowledge and value proposed in an earlier chapter. In closing the chapter reflects on the strengths and limitations of the study and offers suggestions for further research in this area.

Finally, Chapter Ten posts a review of key events that have occurred within the sector and relate in some way to this work, but fall outside the timeline of this particular study.

CHAPTER TWO

EXPLORING THE KNOWLEDGE ECONOMY: CONCEPTS, DEFINITIONS AND WEALTH CREATION

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2.1 INTRODUCTION

The primary aim of this chapter is to explore the notion of the knowledge economy, and the effect that this phenomenon has had upon the nature of knowledge and how it is produced. This chapter is divided into four parts. The first part explores both the historical context and various characterisations of the knowledge-based economy. It engages with both existing academic and practitioner literature in order to begin to unpack the notion of the knowledge economy, and captures the prescriptive nature of much of the literature revealing the absence of concrete conceptual and theoretical definitions. The second part of the chapter focuses on the notion of knowledge and its attributes, and explores how these have been reconstituted to better fit the vision of a knowledge-based economy. Thirdly the chapter critiques the widespread notion that the economy rests more on the production of knowledge than on 'material' production. Using Marxist terms of reference and drawing heavily upon the work of Carchedi (2005), it considers an alternative theory of knowledge production under a capitalist system. The fourth section looks at the interaction between the conceptualisation of the knowledge economy and its reality as political policy, with the specific area of analysis being higher education.

2.2 AN OVERVIEW OF THE KNOWLEDGE ECONOMY LITERATURE

According to the Organisation for Economic Co-operation and Development (OECD) the conceptualisation of the knowledge-based economy stems from a fuller recognition of the place of knowledge and technology in the economy. The

World Bank has identified four pillars as the foundations of any knowledge-based economy:

1. An educated and skilled population that can create and use knowledge.
2. An effective innovation system of firms, science and research centres, universities, consultants, and other organisations that can sustain links with the knowledge revolution and tap into the growing stock of global knowledge, assimilate and adapt it to local needs.
3. A contemporary information infrastructure that can facilitate the effective communication, dissemination, and processing of information and knowledge.
4. An economic and institutional regime that promotes the efficient use, creation and dissemination of knowledge both new and existing (Dahlman and Andersson, 2000).

According to the 1998 Competitiveness White Paper the UK Government defines the knowledge-driven economy as:

> One in which the generation and exploitation of knowledge has come to play the predominant part in the creation of wealth. It is not simply about pushing back the frontiers of knowledge; it is also about the more effective use of and exploitation of all types of knowledge in all manner of economic activity (DTI, 1998).

The concept of the knowledge economy rests firmly on the notions of Human (Becker, 1964) and Social Capital (Putnam, 1993). Both these theories are complicit in suggesting a direct correlation between skills, acquired by investment in training and or education and the productivity and earning potential of individuals and the subsequent growth of the economy (Romer, 1986, 1990) as well as benefits for society (i.e. more tolerance and cohesion) in general (Smith, 2003). New growth theory (Romer, 1990, 1994; Solow, 1994) proposes that knowledge, which it suggests includes human capital, is determined endogenously and as such should be treated as a factor of production (Smith, 2003).

As early as 1934 Schumpeter hypothesised that innovation was a key factor of economic growth. He posited that "the fundamental impulse that keeps the capital engine in motion comes from the new consumers' goods, the new methods of

production and transportation, the new markets…." (Schumpeter, 1934: 83). His theory of 'creative destruction' was extended by Freeman *et al* to inform their theories of the dynamics of technology (Freeman, 1987; Freeman and Perez, 1988). In its broadest sense, innovation is understood to be an ability to devise new and better ways of organising the technological and managerial aspect of producing and marketing new and better products (Schumpeter, 1934; Porter, 1990; Lundvall, 1992; Nelson, 1993; Nonaka, 1994; Grant, 1996). Innovation is increasingly being highlighted as the major weapon in a firm's armoury in its fight against, both local and global competition (Soni *et al*, 1993; Banbury and Mitchell, 1995; Freeman and Soete, 1997: Baumol, 2002; De Jong *et al*, 2004). Evidence suggests that 'eureka moments' rarely occur, and that innovation is much more likely to occur as a result of the interactions between various actors, than as a result of the solitary genius (Håkansson, 1987; Von Hippel, 1988; Lundvall, 1992). It is important to note that it is technological innovation that is seen to drive economic growth and hence it is techno-scientific knowledge, which is considered crucial for the stimulation of a knowledge economy (Kenway *et al,* 2004). Knowledge however is understood to have broader implications for communities as well as individuals, which can be seen to explain its general appeal (Howells, 2002).

Since the late 1970's there has been a marked shift in the UK from a manufacturing economy to an economy reliant on services. Rapid changes in technology and globalisation have meant that as a country the UK can no longer compete with cheap manufacturing from overseas. At least 50 per cent of Gross Domestic Product (GDP) in the major OECD economies is now categorised as knowledge-based. Output and employment in high technology sectors such as computers, electronics, aerospace and knowledge-intensive service sectors including education, communications and information are cited as being among the fastest expanding areas of the knowledge economy (OECD, 1996). This has forced many manufacturers to review their operations and to employ more sophisticated technology at the cost of fewer, lower-skilled workers. It has also meant that manufacturers have been forced to look for other factors of production, such as knowledge as a means of competing. Increasingly, we are led to believe

that employers want higher skilled workers to perform more complex roles in a manufacturing environment or knowledge workers to work in the world of services (Coyle and Quah, 2002). Such observations have led to claims of the arrival of the new knowledge-based economy (ESRC, 2007).

2.2.1 Paradigm Shift or a New Age of Capitalism

In some quarters theorists and observers of globalisation contend that intensifying global competition, combined with the rapid pace of technological change has given rise to a 'paradigm shift' in the nature of contemporary capitalism and work (Shepard, 1997; Nakamura, 2000). These claims are often related to theories of post-fordism or neo-fordism, out of which have evolved the notions of the information society and the knowledge-driven or learning economy (Bell, 1973; Castells, 1996; Freeman and Perez, 1988; Lundvall and Johnson, 1994; Amin, 1994). Post-Fordism or post-industrialism is a term often used to describe an economy that has transformed from an industrial model. According to Bell the post-industrial society would be information-led (Bell, 1973), and "based on services" in which information would become more important than "raw muscle power or energy" (Bell, 1973:127).

Castells (1996) developed Bell's theory, describing the post-industrial society as informational, global and networked, and one in which work and employment would be substantially transformed. Castells (2000) also suggested that the transformation was more than just the internet or dotcom economy, and that information and or communication technologies would become central to the workings of this new economic system. Proponents of this view and long wave theorist in particular, argue that technological development has been the driving force behind recent industrial transformations, and point to the rapid development since the 1950's, of industries such as software, electronics and electronic computers as indicative of this change (Freeman and Perez, 1988; Freeman and Soete, 1997). They also posit that a full understanding of the causes of economic growth can only be achieved by exploring and comprehending the nature of

relatively recent technological change and the economic growth processes that have fed on it (Freeman and Louca, 2001).

At the other end of the spectrum are those who reject the idea that we have or are encountering a new techno-economic paradigm, and while accepting that we are undergoing major change, dispute that this is a new experience. Webster (2002) Farrell (2003) and Barney (2004) among others insist that the ability to invent and innovate has always been at the heart of economic development, and as such reject the idea that there has been a break in existing growth models in some way (Baldry *et al*, 2007). Censure is levied at knowledge economy proponents for apportioning too much importance to periods of discontinuity while overlooking substantial periods of stability within the development of capitalism (Barney, 2004). Hartley (2003), among others contends that capitalism, albeit 'fast capitalism' has yet to expire, and that "the changes represent nothing more than a common pattern observed over time" (Rennstich, 2002:4). Other criticisms include the contention that such 'paradigm shift' theories are too 'technologically deterministic'; over stressing the importance of how technology determines social and cultural changes, and ignoring the effects that the users of technology may have upon technology itself (Webster, 2002). Supporters of the knowledge economy counter claim that their theories recognise the need for social and institutional conditions to alter in order to facilitate the adoption of these new technology systems (Kumar, 1995 in Webster, 2004; Hudson, 1999).

Some academics like Gadfrey (2003) dismiss the new economy discourse as "high tech fee marketeering" (2003:6), claiming that the ideology of the new economy has little or no economic theory to underpin it, and should be treated simply as "technicist, neo-liberal mythology" (Gadfrey, 2003:111). Jessop and Sum (2006) suggest that the notion of the knowledge economy in fact arose from a crisis of capitalism after developed economies such as the United States of America and the United Kingdom began experiencing a declining share in the production of manufactured goods. This concurs with Robertson's (2008) suggestion that the narrative of the knowledge-based economy has a political aspect to it and is largely concerned with promulgating the interests of the developed as opposed to

the developing economies from knowledge services generally. Marxist thinkers such as Rikowsky (2003) and Carchedi, (2005) extend the argument further by disputing the fundamental notion of the new economy - that knowledge can be produced independently from society.

Carchedi (2005) among others argues that it is impossible to conceptualise the separation of knowledge tasks from physical tasks, and as such contests the idea that work in the knowledge economy "is primarily with our minds rather than with our hands" (Barney, 2004:77). Claims that the knowledge economy has created new knowledge workers and jobs are dismissed as untrue. Knowledge work is not a new phenomenon, and civil engineers and architects are cited as examples of twentieth century knowledge workers. Furthermore, the apparent increase in service sector jobs can be partially explained by organisations either outsourcing or off-shoring jobs following a period of recession and increasing global competition (Hardy, 2005). Further evidence suggests that the actual work content of 'knowledge work' is often as routine and standardised as production line labour (Darr and Warhurst 2008), and that deskilling and temporary low-skill employment contracts remain a core feature of 'knowledge work' (Kennedy, 2012).

Despite the fierce debate over the real meaning contained within the figures for the UK economy (Coyle and Quah, 2002; Hutton, 2004; Carchedi, 2005), there is some empirical evidence to support the claims of a shift in employment from 'metal bashing' to the generation of knowledge within the UK. Some academics argue that the changes that have occurred in developed economies are far greater than a simple shift from manufacturing to knowledge-based industries, and that what we have seen is the evolution of new types of social as well as economic forms (Delanty, 2001). Changes in the structure of work, for example, are supposed to have had a direct impact on the demand for higher education (Desrochers, 2006). However, recent research into areas commonly associated with the knowledge economy, such as call centres and software engineering, has questioned some of the assumptions made about the changing nature of work, due to the low skill requirements and routine nature of the jobs being generated in

these areas (Baldry *et al*, 2007). Mainstream opinion tends to recognise the emergence of a new economy, but posits that it has yet, nor is it likely to supersede the old economy (Leadbeater, 2000; Farrell, 2003).

2.2.2 Definitional Issues

Despite the proliferation of literature, which has emanated from academia, business and even political circles, the fundamental problems of 'fuzzy definitions' and a lack of accurate and substantive methods of measuring the knowledge economy persist. Research by Beniger (1986) revealed that there were at least seventy-five labels in existence designed to capture the essence of the 'knowledge' era (Godin, 2006; Barney, 2004). For a chronologically comprehensive review of the trajectory of the knowledge economy terminology, consideration would have to be given to a number of authors, mainly based in the United States of America (USA) during the period of the 1960's and 1970's (Godin, 2006). However, it is the resurgence of interest in the concept in 1990's Europe and its impact on higher education in England (UK), where the focus of this study lies.

The knowledge economy has been used to describe a variety of different things and has often been conflated with a number of associated ideas such as: the new economy (Shepard, 1997; Nakamura, 2000; Gadfrey, 2003); the information economy or society (Bell, 1973; Castells, 1996); the weightless economy (Coyle, 1997; Quah, 1999); the learning economy (Foray, 2004; Lundvall, 2004), and the knowledge society (Delanty, 2001; UNESCO, 2005). For some writers each of these terms is interchangeable, while others consider them to have vastly different meanings. For Quah (1999) and Coyle (1997), for example, the value of most economic activity does not lie in a physical end product, but rather in intangibles or 'dematerialised' products, such as intellectual property, computer software, entertainment products, telecommunications, and better ways to transmit information. While academics like Foray (2004) and Lundvall (2004) prefer to emphasise the knowledge dimension of the new economy. Harris (2001) argues that the concept of the knowledge economy embraces the ideologies of both the weightless and information economies, which may account for why the term has

been, adopted so readily both internationally and domestically (UK). United Nations Educational, Scientific Cultural Organization (UNESCO) in particular has been responsible for promoting the notion of a growing knowledge society, alongside a knowledge economy (UNESCO, 2005).

A challenge for proponents and protagonists alike has been to find measurement tools capable of assessing the extent to which society has become more or less dependent upon knowledge production. Measuring the size and growth of the knowledge economy is made more difficult by the lack of an agreed definition for what it represents. Most empirical studies suffer from data limitation, as the concept of knowledge is, by its very nature, inherently difficult to quantify (David and Foray, 1995; Smith, 1995; Brown *et al*, 2003; Godin, 2006). The inadequacies of existing indicators led the OECD to develop a number of tools deemed capable of measuring the knowledge economy (Lundvall, 1992). These include indicators designed to capture stocks of knowledge – human, organisational, and intellectual capital, and levels of activities in areas such as Research and Development (R&D), investment in Information and Communication Technologies (ICT) and the extent of training and organisational reforms. Godin (2006) provides a comprehensive review of the development of these knowledge economy indicators.

In summary there continues to be intense debate over the existence of the new knowledge economy, along with its form and content (Arrow, 1962; Cohen and Zysman, 1987; Gordon, 2000; Powell and Snellman, 2004; Godin, 2006). Critics argue that the notion is theoretically and empirically weak (Baldry *et al*, 2007:1), and that neither knowledge nor the concept of a knowledge-based economy is new (Nonaka and Takeuchi, 1995; Quah, 1999; Hodgson, 1999). The research undertaken as part of this study supports the contention that there are problems in both defining and analysing such an economy and that in real terms the knowledge economy may be little more than part of an exercise in re-labelling (Melody, 1988 in Garnham, 2008).

2.3   THE COMPETITIVE ADVANTAGE OF KNOWLEDGE

The notion of the knowledge-based economy is at the heart of current policy making, academic debate and populist thinking (Sapir *et al*, 2004, Baldry *et al*, 2007). The main premise of this new economy is that "the action of knowledge upon knowledge itself is the main source of productivity" (Castells, 1996: 17). It would appear that while, philosophers and epistemologists have been aware of the importance of human knowledge since the Greek period, it is only since the 1990's that socio-economists have begun to draw attention to the growing importance of intangible assets such as knowledge as a key resource for competitive advantage (Toffler, 1990; Drucker, 1993).

Teece (1998) attributes the increased importance of knowledge to a number of structural changes that have occurred in the economies of advanced developed countries. These include the increasing liberalisation of markets around the world; the expansion of goods and services that are deemed tradable; the strengthening of intellectual property rights; and various implications of new technology, such as the importance of increasing rather than decreasing returns. These changes can be seen to have resulted in a reformulation in both the perception and nature of knowledge.

2.3.1   The Nature of Knowledge

"Knowledge is crucial, but it is not clear what knowledge means" (Harris, 2009:3). This is the fundamental dilemma intrinsic to the concept of the knowledge economy. Academics and practitioners appear unwilling or unable to reach agreement upon almost anything to do with knowledge - i.e. its form, its attributes or how to measure it (Arrow, 1962; Cohen and Zysman, 1987; Gordon, 2000; Powell and Snellman, 2004; Godin, 2006). Lundvall (2000) argues that many economists ignore the importance of social interaction, and the cognitive content of knowledge when discussing and debating a knowledge-based economy. Smith (2000) claims that there is in fact no coherent definition let alone theoretical concept for the term.   As early as 1987 Winter concluded that there was a

"paucity of language" and a "serious dearth of appropriate terminology and conceptual schemes" (p180) for analysing the role of knowledge in the economy. However in the last twenty years there has been explosive growth in areas such as institutional economics and the economics of innovation, which aim to address the narrow focus of traditional economics, and acknowledge the pivotal role that knowledge and learning play in economic development (Granovetter, 1985; Hodgson, 1988).

Knowledge as an "undifferentiated entity "can be thought about in many ways (Hudson, 1999: 61). Winter (1987) managed to evoke the ethereal nature of knowledge, when he noted its comparison to other vague notions like value or importance, as well as its tendency to appear in many different forms. The intangibility of knowledge is perhaps best captured by Leadbeater (2000: ix):

> The generation, allocation and exploitation of knowledge is driving modern economic growth. Most of us make our money from thin air: we produce nothing that can be weighed, touched or easily measured.

Early debates about the nature of knowledge (Polanyi, 1958) have been extensively developed by economists such as Arrow (1962). In 1945 Hayek introduced the idea of knowledge as either scientific (i.e. theoretical or technical), or as knowledge of the particular circumstances of time and place, arguing that changing circumstances continually redefine the relative advantage of knowledge held by individuals. By the 1970's Bell had begun to define knowledge as a:

> "set of organized statements of facts or ideas, presenting a reasoned judgment or an experimental result, which is transmitted to others through some communication medium in some systemic form" (1973:175).

Many academics are keen to distinguish between knowledge and information. While knowledge is perceived to be a much broader concept than information, information is often seen simply as data and is perceived as a means of communicating knowledge; while knowledge is understood to represent the meaning of that data (Lundvall, 2000). A number of definitions have been put

forward to explain the notion of knowledge including Lundvall's (2000) typology:

Know-what - relates to knowledge about facts. It is closely related to information in this form and can be broken down into bits and communicated as data.

Know-why- refers to principles and laws and motion in nature, in the human mind and in society.

Know-how – refers to skills i.e. the ability to do something.

Know-who –involves information about who knows what and who knows what to do.

The current knowledge economy discourse borrows heavily from the work of Bell (1973) and Castells (1996) and is based largely on the central premise of knowledge as a new factor of production. It is clear that a particular type of knowledge is being promoted here, namely Western science and technology (Robertson, 2008). Rochford (2008) contests this idea of knowledge as a commodity, arguing that it fails to comply with its more traditional interpretations. She argues that while knowledge products, quoting examples such as the application of medical skill or a piece of legal advice may have been traded for centuries, the idea of knowledge as a package being transmitted between individuals is a much more recent phenomenon. The notion of 'knowledge transmission' Rochford (2008) claims became entwined with the contemporary understanding of knowledge as a direct result of the (1) ideology of the knowledge economy and (2) the commercialisation of the university-student relationship.

Even among those that support the notion of knowledge as a factor of production, perceptions vary from the belief that knowledge is now quantitatively more important than before as an input and the idea that knowledge is now more important as a product, to the conviction that technological change in ICT is responsible for the advent of the knowledge economy along with the increased significance of codified knowledge (Smith, 2000). The first notion is based on the assumption that knowledge has been elevated to become another input in the production process, in much the same way that capital and labour are treated (Drucker, 1993). The second approach is where knowledge is considered to have

become more important as a product. This is demonstrated by the rise of new forms of activity based on the trading of knowledge products (Quah, 1999). Those theorists that favour the third notion argue that the knowledge-based economy rests on technological changes in ICT. Put simply, ICT makes major changes to our ability to handle data and information. The extent to which technology is responsible for changes in the conditions for the production and distribution of knowledge is (as already discussed) subject to fierce debate (Freeman and Perez, 1988; Solow, 1988; Rifkin, 1994; Kumar, 1995 in Webster, 2004; Lehman, 1996 in Neef *et al*, 1998).

The final idea is grounded in the debate surrounding the roles of codified versus tacit knowledge (Cowan *et al*, 2000; Johnson *et al*, 2002). In particular, observers argue that there is a critical qualitative difference between (1) codified and (2) tacit knowledge. (1) Codified knowledge or explicit knowledge is easily transmittable in formal, systematic language, whereas (2) tacit knowledge is embedded in people and in particular contexts and therefore can be hard to document and communicate. Tacit knowledge is usually learnt first-hand or by doing and thus cannot be easily transferred across individuals or firms. This element of tacit knowledge has implications not only for learning, but also given its nature and the difficulties surrounding its transmission, is invaluable as a means of competitive advantage (Lundvall, 1992).

Hudson (1999) extends the notion of tacit knowledge as the most valuable form of knowledge in conferring competitive advantage, precisely because its very nature means that it is priceless. The important distinction here, being that the impact of new technologies means that codified knowledge can travel both more quickly and cheaply than ever before. Tacit knowledge (which is arguably more 'valuable') is largely unchanged and remains localised, embedded into people, local practices and networks of relationships. This has obvious implications for regional development. Teece (1998) draws an important division between the creation of new knowledge and its commercialisation. He suggests that the creation of new knowledge is often more suited to smaller organisational units (i.e. individual research departments), while the commercialisation of such

knowledge requires more complex organisational structures more often found in larger companies. More recently researchers have argued that the most productive and innovative knowledge is actually related more to craftsmanship, design and low-tech than to codified scientific knowledge (Thompson, 2004).

2.4   A MARXIST CRITIQUE

Marxist thinking influences one of the strongest critiques of the knowledge economy. These arguments rally strongly against the post-industrial analysis promoted by supporters of the knowledge economy, and as such warrant a section of their own in this dissertation. In general Marxist theorists contest both the notion that surplus value is produced by knowledge-based or knowledge dense commodities and the idea that 'knowledge work' leads to the cessation of the exploitation of labour (Kennedy, 2012). From a Marxist's perspective the idea that knowledge work and physical work can be separated both in an actual sense and in relation to the status of workers is regarded as false. The contention being that suggestions that knowledge work has now usurped 'physical' or 'material' labour in the creation of surplus value and now forms a separate category of work are overstated (Rikowsky, 2003; Carchedi, 2005).

Knowledge economy proponents argue that knowledge workers are distinctive by virtue of the fact that "they own their own means of production – the knowledge in their head", which allows them a degree of self-autonomy not available to less skilled workers (Kennedy, 2012:825). Critics point out firstly that knowledge workers are still largely "employed by capital" (Carchedi, 2005:272), and secondly that "knowledge cannot create value in isolation but can only do so as part of the totality of the living labour power that is subject to valorization within the circuit of capital" (Kennedy, (2012:822). In other words, surplus value cannot simply be realised from ideas and or intellect alone. Using the IT industry as an example Kennedy (2012) describes how while most of the value is redistributed to capitalists, management and knowledge elites within the industry, production still relies heavily on the mass of unskilled labour employed globally. He ascribes this process of redistribution to Marx's 'commodity fetishism'; a process whereby

labour appears to have played no part in the creation of value (Marx, 1976 [1867]).

In his seminal work 'On the Production Function of Knowledge', Carchedi (2005) also refutes the notion of knowledge or 'mental production' as a stand-alone factor of production. According to Carchedi "knowledge itself is the product of labour" (2005:287) and any labour be it 'manual' or 'intellectual' is in fact the outcome of physical activities and conception, and as such it is impossible for them to exist independently. Furthermore, any type of labour process is material, including the production of knowledge. Mental labourers (MEL) do not necessarily produce more value than labourers who engage in material labour (MEN). It all depends upon the value of their labour power. While knowledge may be classified as mental or material it is largely determined by the dominant aspect of production and in turn by social validation. For example, in car production the material aspect of production is given dominance, but it is not the only aspect of production (Carchedi, 2005).

Carchedi seeks to advance what he refers to as "Marxism's black holes" by developing a theory of knowledge production specifically under capitalism (Carchedi, 2005:268). Building upon classical Marxist theory, knowledge is recognised as being embodied in labour power, while much of the rhetoric associated with a knowledge economy appears to overlook the relational and social aspects of knowledge production. Capitalism far from being depleted is seen to be re-energised by the commodification of formerly free activities, or those activities previously performed by the state, while it is noted that knowledge has always been considered as a commodity, and not a free good, under capitalism. The only difference in contemporary society is one of scale (Carchedi, 2005:286).

While material production may have relocated to outside the developed world, this does not suggest a decline in its importance (only one per cent of patents are owned by persons or companies in the third world). It is simply another means by which developed countries continue to dominate less developed ones. This aspect of production relocation also serves as a threat to less skilled workers in developed countries. The production of knowledge is seen as a social process,

with both application and creation of science and technology class-determined. Some elements of knowledge are seen to possess trans-class and trans-epochal characteristics, which explains why science and techniques developed in one society and by one class can be used by other societies and classes (Carchedi, 2005).

Carchedi strongly protests against the conflation of knowledge with the notion of services (Carchedi, 2005). The contention being that it is particularly problematic to include the production of knowledge economy type knowledge or NST (Natural Science and Techniques) in the services category. The services category appears to be "spurious" as it includes radically different activities, which contribute value both directly and indirectly and can either lead to the production, redistribution, extraction and or destruction of value (Carchedi, 2005:273). Carchedi (2005) uses the inclusion within the services category of activities as diverse as financialisation and the armed forces as examples of the forced nature of services. He argues that while financialisation can be seen to redistribute value, activities undertaken by the armed forces are perceived likely to destroy value.

2.5 POLITICAL POLICY: KNOWLEDGE AS WEALTH CREATION

The notion of a knowledge-based economy has come to dominate public policy discourse in the twenty first century, so much so that we are led to believe that if we are not already in possession of, or in transition to, such as economy "we are destined to become a third world country" (Robertson *et al*, 2002:2). The Lisbon Agenda (2000) and the Barcelona Objectives (2002) reflect the importance that the European Union (EU) attach to helping Europe move towards a new economy based on innovation and knowledge. The EU's stated aims include raising expenditure on research to three per cent of Gross Domestic Product (GDP), and using higher education institutions (HEIs) to provide both education and research (Hagen, 2008 in Engwall and Weaire, 2008).

As we have seen the drive to attain a knowledge economy has transformed how knowledge is perceived and produced across society. Since the early 1990's the

policy priorities of British government has been to transfer knowledge into wealth creation in order to make the country more economically competitive. Policy makers maintain that it is necessary to industrialise academic knowledge in order to develop a successful knowledge-based economy, (Callinicos, 2006). What follows is a brief review of salient knowledge economy policy that highlights how the notion has infiltrated the higher education sector, in particular. The overriding message from recent successive governments being that any knowledge produced by universities must generate practical benefits for the economy and wider society (BIS, 2009) and look in future to "real world problems" (McKibbin, 2010:9). HEIs are also expected to provide the education and training necessary to populate the knowledge economy (Twigg, 2002 in National Research Council, 2002).

> In a knowledge economy, modern universities have several roles to play:
> in knowledge creation and exploitation: in innovation and the application
> of expertise: in promoting enterprise and entrepreneurship: in creating an
> inclusive knowledge-based society, in equipping people with leading edge
> skills and cultural awareness (Wilson, 2008:7).

A number of policy initiatives have emanated directly from the academic and political literature on the subjects of knowledge and the knowledge economy. From the 1980's onwards the UK government introduced policies aimed at influencing the relationship between universities and the market. The most marked shift both internal and external to the sector has been that "economic development has become a legitimate purpose of higher education" (Powers, 2004:2). In the early days of New Labour the government concentrated on widening participation (in higher education) in a bid to increase individual's skills levels and productivity, and to raise productivity levels across the economy as a whole. They then turned their attention to the relationship between universities and business.

The Lambert Review (2003) underpinned New Labour's claims about the benefits of increased collaboration between universities and industry and made a number of recommendations aimed at improving existing, and encouraging new, relationships between the UK' strong science base and its business community.

These included: new funding streams for business-relevant research and supporting the development of new forms of formal and informal networks between business people and academics, such as innovation and incubation centres and science parks (Etzkowitz and Leydesdorff, 2000; Etzkowitz, 2003). Research produced for the government indicated that universities were perceived to be "out of alignment with what the markets want"; often providing irrelevant courses at high costs (Wedgwood, 2007:5). In direct response to this criticism the government decided to launch a pilot scheme designed to explore an alternative 'business-facing' model of university. Initially, five institutions were chosen including Brighton, Central England in Birmingham, DE Montfort, Sheffield Hallam, and Hertfordshire. In practical terms each of the chosen universities was allocated central funding to accelerate their strategic development, with the given aim of creating a business-facing culture. This was designed to address issues relating to the role of universities in the productivity and competitiveness of the UK's economy, as well as in addition to their teaching activity (Parliament.uk, 2010). Further to the Government's policy document 'A New University Challenge; Unlocking Britain's Talent' (DIUS, 2008) HEFCE announced its intention to create 20 new centres of higher education by 2014.

In the latter half of the 1990's the British government set out its agenda in a series of white papers with titles such as 'Our Competitive Future – Building a Knowledge Driven Economy' (1998), 'Excellence and Opportunity - A Science and Innovation Policy for the 21st century' (2000) and 'Opportunities for All in a World of Change – Enterprise, Skills and Innovation' (2001). The 'Innovation Challenge' identified the means by which the Government intended to transform the UK into a key knowledge hub. The initiative proposed to put at the centre of its policy providing support for enterprise, skills and knowledge. It recognised the need for the development of innovation-driven regional strategies and clusters as well as identifying the public procurement of goods and services as a means of encouraging innovation among suppliers in order to create its vision of a knowledge-driven economy and learning society (DTI, 2003).

Government policy in this area has been heavily influenced by research, which suggests that the most successful British based businesses are those who continue to invest heavily in Research and Development (R&D). The role of R&D is regarded as crucially important in the process to generate, absorb and diffuse innovation, and evidence implies that research investment by business in the UK is below the average for comparative countries (Cooke and Morgan, 1998). Further research also highlighted that there was potential for increased collaboration between businesses and university research departments to foster economic growth. In 2003 the DTI announced that the Government's challenge was to "create the conditions where all our firms put innovation at the centre of their strategies" (DTI, 2003:3). In a bid to encourage universities to cooperate more with business the government increased its funding of the Higher Education Innovation Fund, which provides funding to all higher education institutions (HEIs) in England. Funding for this programme increased from £187 million for the two academic years 2004/05-2005/06 to £238 million for 2006/07-2007/08 (HEFCE, 2011). The Higher Education Funding Council for England (HEFCE) also chose to allocate £60 million pounds of its research funding in 2007/08 to institutions who had secured research grants and contracts from business.

In order to encourage businesses to engage with universities for the purposes of research the government provided support to establish a network of science parks and business incubators. This network of parks was envisaged as an alternative means of creating and transferring knowledge in the local and national economy and subsequently led to the development of a number of geographic clusters of high tech companies. According to the United Kingdom Science Park Association (UKSPA) businesses choose to locate on science parks in order to take advantage of the enhanced business support services that are available, including privileged links to universities and research centres, access to bespoke facilities, leading edge equipment, and dedicated support from specialised on site business advisers (Chatziioanou and Sullivan, 2004; Association of University Research Parks, 2011). Many universities claim that science parks act as a vital means of increasing knowledge spill over (Storey and Tether, 1998; Vedovello, 1997).

It is estimated that there are more than 100 science parks with approximately 3,000 tenant companies (including over 450 overseas-owned companies), occupying around 1.5 million square meters of property currently in the UK. Such parks tend to range in size from small business incubators to large technology parks. Ownership of Science Parks varies from private management companies to University's and local governments. Given the recent knowledge agenda, science parks often attract financial support from regional development agencies, as well as from the European Union and the UK Government (UKSPA, 2011).

Business Incubators are usually established with a view to creating an environment in which small companies can flourish and grow. Frequently they are geared to support high growth technology businesses such as biomedical, IT and creative type industries. Figures from the United Kingdom Business Incubation (UKBI) website indicate that the UK currently has around 300 business incubators, directly supporting over 12,000 businesses. They offer a variety of services to start up businesses ranging from providing business premises on preferential terms, links into university and research units and access to funding (UKBI, 2011).

A clear trajectory in government policy can be drawn between these practical applications (i.e. the establishment of Business Incubators and Science Parks) and the influence of theories such as the learning firm, the learning region and the espoused relationship between proximity (geographical, institutional and cultural) and learning (Lundvall, 1992; 2000; 2004). The concept of 'institutional thickness' has particular relevance here as research suggests that even if good quality support institutions exist regions can perform poorly if firms are unaware of the availability of support and thus fail to take advantage of their services (Hudson, 1999).

2.6   CONCLUSIONS

Knowledge has ceased to be viewed as a public good and is now regarded as any other good or service that can be traded in a knowledge society (Nowotny *et al*,

2003). Accompanying this transformation of knowledge is a new body of literature designed to underpin the importance of knowledge to the knowledge economy and the necessity of aligning research objectives more closely with social, economic and political goals (Robertson, 2008). In 2005 the OECD defined the knowledge-based economy as "trends in advanced economies towards greater dependence on knowledge, information and high skill levels" (OECD, 2005: paragraph 71). The OECD's endorsement of the concept of knowledge as the driver of productivity and economic growth has led to its subsequent adoption as an economic strategy by various national governments.

2.6.1 Fuzzy Definitions

From a broad reading around the theory and related literatures of the knowledge-based economy the concept is guilty of being 'fuzzy' (Daniels, 2003) and 'ill-defined' (Baldry *et al*, 2007). We have seen that there are at least seventy-five different labels associated with the notion of the new economy (Beniger, 1986). Although often used interchangeably, the labels tend to emphasise different aspects of the new economy phenomenon such as knowledge, information, or network (Cappellin, 2007). This has led some commentators to conclude that the "new economy phrase is a vacuous one that may generate more heat than light" (Stiroh, 2002:1 in Siebert, 2002). However, it is the wide-ranging divergence of views and perspectives that makes the concept of the knowledge-driven economy simultaneously so frustrating and so compelling (Stiroh, 1999).

Essentially, the concept of the knowledge-driven economy, within the OECD at least, rests heavily on the premise that "we have entered a new technological paradigm, centred around micro-electronic based, information/communication technology (ICT) and genetic engineering" (Castells, 2000:9). The government and its policy makers tend to perceive innovation and new technology as being technically driven. Lundvall (2004), for example, transports these ideas directly into his learning economy concept by extolling the virtues of learning as a means of coping with and using the full potential of the new technologies. This fundamental belief in the importance of technology for economic growth means that policy makers within Europe are heavily focused on ICT issues, when

developing and implementing new policies. However, increasingly changes within organisations and institutions are more concerned with organisational change than changing technology per se. The growing influence of activities like marketing in reorganising and repositioning public service sector institutions for example is being largely overlooked, and yet this is without doubt another way of creating and applying knowledge. Mainstream opinion therefore tends to concur with Smith (2000: 30) that, "the omnipresence of ICT should not lead us to an excessive emphasis on its role as a generator of change".

Despite the rhetoric critics argue that the acquisition of knowledge is no guarantee of economic success, and that it is somewhat naïve to view knowledge or learning, jointly or severally, as a 'magic bullet', capable of addressing the issues of economic growth and or the problems of socio-spatial inequality (Brown and Lauder, 2003). Even after fifty years of research there is little hard evidence to substantiate the link between science, technology and productivity (Godin, 2003). Academics and practitioners alike argue that the government's insistence on creating more and more highly skilled 'knowledge' workers is actually at odds with the reality of the UK labour market, where at least forty per cent of university graduates are 'underemployed' (i.e. in jobs for which they are over qualified). This has led to further questions over the legitimacy of transforming the UK's traditional low cost economy into that of a high tech, high value added, knowledge-based one (Warhurst *et al*, 2004; Trades Union Congress, 2005).

Warhurst and Thompson (2006) suggest that the 'fuzzy' conceptual nature of the knowledge economy makes it incapable of providing policy prescriptions. Other commentators claim however that the government in Europe and the UK have given practical expression to some of these theoretical ideas (Etzkowitz and Leydesdorff, 2000; Etzkowitz, 2003). They suggest that this can be seen: in policies aimed at promoting learning at both an individual and a firm-level; in the support of spin offs (i.e. incubation centres); in policies directed at enhancing the quality of local universities; as well as in attempts to stimulate public research and provide technological support services (Rodrigues, 2002 in Rodrigues, 2002).

Specific examples include the creation of the Higher Education Innovation Fund (HEIF), which directly rewards knowledge transfer activity in all universities.

Other academics, including Hudson (1999:70) claim that the knowledge economy concept is being used "as a cloak behind which some of the harsher realities of capitalism can be hidden". Even proponents of such standing as Lundvall (2000) admit that despite all the attention lavished on the concepts, the understanding of both knowledge and learning remain narrow (Hudson, 1999; Lorenzen, 2001). While some refute the very existence of a new economy, especially one so heavily focused on the impact of ICT; others point to the realities of economic growth citing Solow's (1988) work on Productivity Paradoxes. In other quarters concerns are raised about the nature of the social capital aspect of the knowledge economy and doubt that this conceptual economy or indeed any fundamentally capitalist economy will be able or willing to reward all (Moulaert, 2002; Graham, 2002; Brown and Lauder, 2001; Norris, 2001).

In summary, it would appear that knowledge exists in a variety of forms and it is not confined to the rather narrow scientific and professional–organisational knowledge that successive UK and European governments tend to acknowledge and reward. Knowledge co-exists in a variety of social contexts including artistic knowledge, social intelligence, common sense and culture, and as such support needs to be offered to all types of communities not just science and business practice orientated ones if a truly knowledge-based society is to be achieved (Moulaert and Gonzalez, 2005). Jessop (2000) it would seem, is correct in his assumption that it is naïve and highly inappropriate to try to understand the knowledge-based economy simply by treating knowledge as another factor of production (Jessop, 2000 in Bryson *et al*, 2000).

This chapter has provided an overview of the mufti-faceted notion of the knowledge economy, from both a Neo-Liberalist and Marxist perspective, and reviewed the significance that the notion has had and continues to have upon the shape and production of knowledge. It has considered the view that the knowledge economy offers individual knowledge workers the opportunity to profit from

autonomous and well-paid careers, arising from earlier investments in their human capital. It has also acknowledged the socialist perspective that the continuing and determinant nature of the 'capitalist ownership-relation' has ensured an increase in flexible working conditions (i.e. less permanent employment) and that most employees have become more flexible, interchangeable and disposable (Szabó and Négyesi, 2005) under such a system. More explicitly this inaugural literature review has established that we are ensconced within a policy regime, which privileges economic knowledge. This gives rise to a society whereby only knowledge that is producible, commodified and manageable is valorised (Robertson, 2008), and one where other views of knowledge are suppressed and or excluded. Ultimately, knowledge has become a commodity to be both managed and marketed, whereby even the process of managing it alters its shape and function (Rochford, 2007).

The next chapter sets out to explore the shifts that have occurred in the perception of knowledge (as evidenced here) through the lens of higher education. It focuses on the various changes that have taken place in the higher education sector over the past eighteen years, with particular emphasis on the period 1992 (when the binary divide was removed) until 2010. In so doing it considers the influence that the knowledge economy appears to have had upon higher education in England, and whether universities really have been subordinated to the perceived needs of business *(*Shumar, 1997; McKibbin, 2010).

CHAPTER THREE

HIGHER EDUCATION IN ENGLAND: CONTEXT AND BACKGROUND

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3.1   INTRODUCTION

"The provision of education is a market opportunity and should

be treated as such" (European Round Table of Industrialists,

1998, cited in Monbiot, 2001: 331).

The main aim of this chapter is to outline the central developments that have occurred in higher education between 1992 and 2010, and in so doing to reflect upon the place of universities in the system of knowledge production within the knowledge economy. The chapter is divided into two halves. The first half discusses the ideology of education and higher education, and its re-orientation from a public good towards a tradable service industry. The second part of the chapter focuses on the notion of marketisation, as an aspect of the knowledge economy, and the extent to which the phenomenon is changing patterns and modes of knowledge production in higher education (Shelley, 2002). It examines the particular contributions that Kelsey (2008) and Slaughter and Rhoades (2004) have made in analysing the transformation that has occurred within the higher education sector. In reviewing these approaches it is argued that while individually they provide a partial framework, combined with minor adaptations they provide a lens through which the evolving contours of higher education can be viewed.

3.2   AN OVERVIEW OF (HIGHER) EDUCATION

Education is traditionally considered a 'public good'. Public goods by definition are goods that exhibit two characteristics: (1) they are non-excludable i.e. it is not possible to exclude people who are unable / unwilling to pay from consuming the good and (2) they are non-rivalrous i.e. where the consumption of a good by one

person does not prevent others from enjoying it (Sloman and Garratt, 2007). However as it is possible to exclude people who do/cannot pay for education and more specifically for higher education, it cannot be classed as a pure public good (Marginson, 2011). Therefore education is often classified as a 'merit good' or a "good, which the government feel people will under consume unless subsidised or provided free" (Sloman and Garratt, 2007:201). In practice and with specific reference to higher education in England central government is responsible for the direction of the country's overall education policy and subsequently higher education institutions are forced to tailor their services to match the policies of current electives.

Higher education itself however is a contested notion. As its nomenclature suggests it is higher and not further education, so it is not simply more of what has gone before; it needs to be viewed as additional processes to those practices in schools and colleges of further education. Universities, in turn are not synonymous with higher education. They are not the only places that offer higher education services, and as such should be regarded as but one form of institutional higher education (Barnett, 1994). Despite the recognition that there are a number of forms of higher education, universities can be seen to command a consensus as to the general character of activity within the sector. Therefore while my dissertation refers throughout to higher education as the enterprise, specifically my study focuses on higher education delivered by (post-1992) universities in England.

In England universities operate within the higher education sector of the education industry. Higher Education is usually categorised as education and training that takes place at universities, colleges and institutes of higher education (HEFCE, 2005). The British Accreditation Council estimates that there are circa 120 accredited institutes of further and higher education in the UK (www.the-bac.org, 2010). Most universities are in fact private institutions and registered charities. This means that these universities are autonomous and as such can appoint their own staff, decide their own admission policies, provide their own courses and award their own degrees. However, it also means that these organisations are not

allowed to make a profit in the traditional sense. This independence, hand in hand with organisational history, however makes for a truly diverse set of institutions ranging in size, mission and subject mix. It is important to remember that however independent any university claims to be, they remains reliant upon public bodies for both education policy and some funding. The moniker 'old traditional universities' is used in this study to represent the universities of Oxford and Cambridge, who traditionally recruited their students from established research projects independent of the Government, and assembled their estates from churches, local communities and gifts as well as expensive acquisitions. (Later references in this work to 'traditional universities' include along with Oxbridge, the twenty universities belonging to the Russell Group).

3.2.1 The Ideology of Education

A number of views of education persist in Britain and what follows is a brief review of some of these competing ideologies. The Western Humanist or Liberal Humanist view of education is associated with the idea of knowledge for its own sake (Newman, 1976), and originates from Ancient Greece and the medieval worlds. Although, generally considered outmoded it has persisted in some form in the old traditional universities of Cambridge and Oxford. Notions of objective knowledge (Popper, 1975), and intellectual enlargement and the formation of character (Newman, 1976) however are no longer seen as the preserve of higher education in general. In fact the Robbins Report on Higher Education, 1963 is cited as the last important statement of Liberal higher education made by politicians in the UK.

The Marxist perspective deems it impossible to analysis education without considering the class structure within which it is embedded (Karabel and Halsey, 1977). In opposing the more traditional Liberal view of education, which it considered was designed to promulgate the ideology of the ruling class; it introduced the broader based notion of 'polytechnic education'. The ideology underpinning 'polytechnic education' was that it could be used to solve practical problems as well as to address the 'enforced' separation of manual and mental workers generated by more traditional views of education. These workers, Marx

posited would eventually come to see themselves as a society (Ainley, 1994). This ideology can be seen loosely in the establishment of a number of polytechnics across England and Wales in the 1960's (Ainley, 1994).

Under Neo-Liberalism or market fundamentalism, however we have seen a more Functionalist view of education prevail. Politicians and policy makers make little or no mention of the 'humanities' (Bailey and Freedman, 2011), and promote the more utilitarian view of education, which is linked to employability and earnings (Barnett, 1994), and not to social welfare for all (Robertson, 2005). In knowledge economy terms education is perceived as "investment and performance in adult literacy, science, mathematics and technology, including scientific publication in these areas" (Robertson, 2008:19). Higher education is increasingly seen as an investment by customers (i.e. students) who expect a pay back from their investment (Lawrence and Sharma, 2002).

This has led to several debates over (1) the service nature of higher education (which is discussed in the following section and (2) who the real consumers of higher education are. Arguably, a dictionary definition of a consumer would make reference to people or organisations that actually *use* the products or service, whereas a customer is the person who *pays* for the product or service. However, while it might be a relatively simple exercise to identify the consumers of some of a university's products and services, it is a much more difficult exercise to extricate direct consumers of higher education from people who want to participate in the cause (i.e. donors) but who are not direct beneficiaries. It has been suggested, however, that many non-profit organisations actually consider donors to be customers (Drucker, 1990).

3.2.2 The Service Nature of Higher Education

Since the late 1990's there has been a move not only towards higher education being seen as an investment by customers (Lawrence and Shama, 2002), but as a service and as such as tradable, both domestically and internationally. This trend, towards the commodification of higher education, can be traced back to the rise of the service sector and in the declining contribution of the manufacturing sector in developed economies. A recent report by McKinsey's suggests, "in developed

economies almost ninety per cent of value added growth comes from services and only ten per cent from goods-producing industries (McKinsey, 2010). The shift from a model of higher education as a national public good to a global commodity is reflected in initiatives such as the General Agreement on Trade and Services (GATS) proposed by the World Trade Organisation (Robertson *et al*, 2002). In essence GATS is aimed at liberalising trade to aid the international traffic in services. In 2000, the global education market was estimated to be worth around two trillion American dollars (UNESCO, 2000) and as such financial advisors posited offered major new opportunities for investors in profit terms (Moe *et al*, 1999).

There is some debate over the categorisation of higher education as a service industry (Carchedi, 2005). Knowledge economy proponents claim that developments in technology have enabled knowledge to be codified in a cost-effective and timely manner, which has in turn permitted the industrialisation of such services (Soete, 2001). In other words, ICT has provided the technical capacity, which enables us to transfer codified knowledge into material goods. Critics argue however that service industries are complex and difficult to define (Blythe and Zimmerman, 2005; Carchedi, 2005), and in the case of higher education for example are complicated by the philanthropic and not-for-profit nature of the sector. The greatest criticism is levelled at the range of activities that are included within the services label, with the suggestion being that the range of services is so vast that it negates any meaningful analysis (Lovelock, 1999). In a bid to overcome this censure Lovelock (1983) has developed a typology that he claims can be used to classify education as a marketable service. Using Lovelock's framework, education services can be seen to exhibit a number of service characteristics, especially intangibility. However, this characterisation of higher education remains open to debate.

3.3 BACKGROUND TO MARKETISATION

Prior to the late 1970's the higher education sector in the UK was largely publicly funded, but runaway inflation and declining internal competitiveness prompted the

Conservative Party to commission a national review of higher education (Deem, 2004). The commission was tasked with reviewing the purpose, shape, structure, size and funding of higher education, and how it should develop to meet the needs of the United Kingdom over the next twenty years (National Committee of Inquiry into Higher Education, 1997). The expansion of higher education was perceived to be a cheap means of providing a higher skilled workforce, which would allow us to better, compete globally (Callinicos, 2009). Since then the rise of the Neo-Liberal agenda has seen an increasing trend towards the privatisation of public services, including education, housing, transport, and care services. Governments across much of Europe and the wider developed world have been keen to transfer the cost of such services from the state to the individual (Lynch, 2006).

Some thirty years and a number of reviews and white papers later universities in England are now expected to compete against each other for research funding. Furthermore, since the publication of the Government's White Paper, 'Higher Education-Meeting the Challenge' (Department of Education and Science, 1987) and the Jarratt Report published in 1985, there has been increased support from government for universities to move towards providing their own funding streams. Legislation has also been introduced to replace the student maintenance living grant with a loan, and to introduce tuition fees for study. There has also been increasing emphasis on the contribution that universities can make to the development of a knowledge-based economy (Kelly *et al*, 2002).

1992 marked a significant turning point in the sector when the government enacted the Further and Higher Education Act. Among the provisions of this act the Binary Divide was abolished and former polytechnics became universities. The government also set up a non-departmental public body the Higher Education Funding Council for England (HEFCE), whose main responsibility was allocating research funding between institutions, according to measures of research excellence. In order to maintain the quality of research the government introduced the Research Assessment Exercise (RAE) in 1986, and revised the role of the Funding Council further to include responsibility for ensuring that teaching quality was maintained in all publicly funded institutions. This was revisited in

1997 when the Quality Assurance Agency (QAA) was formed (Naidoo, 2000). The underlying principle governing all these measures is that a step towards a more market-driven model whereby institutions are forced to compete against one another will enhance the quality of academic research (HEFCE, 1999).

Another turning point came in 1998, when as part of the Teaching and Higher Education Act the government abolished student awards for support and maintenance and introduced contributions towards tuition fees, payable by all except the poorest students. Following the introduction of this revised system of public funding a number of schemes such as student-loans and top-up-fees were created in order to assist students in the higher education sector. The DfEE's (Department for Education and Employment) Green Paper 'The Learning Age' set out the need for a base of highly skilled flexible knowledge workers to satisfy the demands of the 21st century knowledge-based economy (DfEE, 1998). The Green Paper also focused on the issue of widening participation and the government's pledge to actively encourage students from disadvantaged social and educational backgrounds into higher education. Further to this the Universities and Colleges Admission Service (UCAS) reported an increase in accepted applications to higher education of 44 per cent between 1999 and 2009, with the biggest increase in applications being seen in the males aged 25 and over category (UCAS, 2011a).

A further step towards marketisation came with the increasing orientation of the higher education sector towards business. Following the findings of the Lambert Report (2003) the government increased its funding of the sector in specific areas. Edwards (1998) contends that the changes that have taken place in education and in particular the rapid changes that have taken place in higher education since the mid 1990's can be attributed directly to the wider societal and economic move towards a post-industrial society, and the perception that knowledge is a commodity, and as such has entered the "domain of the market" (Edwards, 1998:254). Thus the changed status of knowledge, driven by the increased significance and belief in the market can be seen as central to the transformation process of the university.

It has been posited that the higher education sector is being slowly privatised, like much of the public sector in the UK. Within this work the public sector is taken to mean that sector which "operates alongside the private sector, but providing goods and services for consumption by society (public goods) to those likely to be underprovided for (merit goods) and to those unable to access private sector suppliers" (Haugh and Kitson, 2007: 973). According to a recent government report (BERR, 2008) the Public Service Industry in the UK is second in the world only in size to that of the United States of America. In 2007/8 it employed over 1.2 million people, with revenues totalling £79bn and generating £45bn in value added. The fastest growing sector in the PSI over the last 12 years has been education (8.1 per cent per year).

Whitfield (2006) suggests that it is possible within the UK to trace the trajectory of the privatisation of public services back to the early 1980's. The process can be broken down into three distinct phases: under the Conservatives in the 1980's the focus was on selling off large nationalised industries and utilities; in the 1990's Labour was keen to introduce and emphasise the notions of competition, commercialisation and quasi-markets into public services; and finally in the latter phases of Labour, policy makers were focused on creating markets in as many public sectors areas as possible. The key events in the privatisation process in the UK since 1980 are summarised in Appendix 1 borrowed from Whitfield (2006). Not only is it possible to trace the trajectory of privatisation in the public sector as a whole by studying the brief details of the key events in Appendix 1, but also to note the growing influence of the European Union and supranational organisations like the World Trade Organisation (WTO) on UK governmental policy in this area.

Brown (2011) among others takes a more sanguine view of what has occurred within the sector. Like Zemsky *et al* (2005) Brown (2011) contends that the sector has always had a commercial side to it, and as such marketisation is not a new phenomena; it is only the scale of commercialisation that is new to the sector. Brown (2011:17) also draws a distinction between privatisation, which he argues is:

> The penetration of private capital, ownership and influence into what were
> previously publicly funded and owned entities and activities.

And marketisation, which he perceives to be:

> The organization of the supply of higher education services on market
> lines.

Within academia there is some debate over whether the change constitutes the privatisation of the sector or is simply the market steering or market-orientation of the sector in a period of increasing competition. What is clear is that the sector to date has been subject to some form of marketisation. However, in spite of increasing competition and other market behaviours within the sector, the continuation of sizeable entry barriers and, asymmetric information which makes it difficult for students to move from one institution to another means that the sector has yet to experience full marketisation. Despite the 'business-facing' claims of some universities, HEIs have yet to become corporations, although the public benefits and purpose of higher education are increasingly being contested (Marginson, 2011). Marginson (2011:427) notes that the "marketisation project is never completed" while recognising that, the boundaries separating the private and public now remain much more fluid (Slaughter and Rhoades, 2004). Universities for the most part are unwilling to lose state subsidies, either in the form of research funding or lucrative contracts from the health and policing sectors.

3.4 DRIVING THE MARKETISATION OF HIGHER EDUCATION

There have been a number of frameworks and models developed to explicate the transition in higher education over the past decade, but it is the models of Kelsey (2009) and Slaughter and Rhoades (2004) that this study draws on most heavily. While Kelsey documents her approach as focusing on the narrative of the privatisation of higher education, her conceptualisation captures "the broad and fundamental paradigm shift" that has occurred in the sector (2009:1). The 'Seven C's model' demonstrates the overlapping and blurred lines of change that have

occurred within the sector and with some minor modifications and adaptations is a useful model for mapping the trajectory of change. Kelsey captures a number of intermingled strands that can be employed to explore and examine change within the higher education sector specifically:

- Commodification (whereby knowledge becomes a commodity to be bought and sold).

- Commercialisation (where students become customers and academics are encouraged to think of ways of marketing their skills and knowledge externally).

- Competition (both within and between institutions, nationally and internationally).

- Corporatisation (whereby academics have to learn to become business-like).

- Credentialism (whereby homogeneity becomes the preferred route for education).

- Computerisation (which is used to facilitate the spread of marketisation).

- Censorship, which Kelsey argues is the culmination of the previous six C's and effectively "sanitises teaching and learning" (2009:6).

In turn, Slaughter and Rhoades's notion of 'academic capitalism' like Kelsey's model is concerned with capturing the essence of a "regime that entail colleges and universities engaging in market and market-like behaviours" (Slaughter and Rhoades, 2004:37). However, while Kelsey's model seems more suggestive of change being generated exogenously and subsequently being absorbed within the sector, Slaughter and Rhoades' model is much more indicative of a organic phenomenon (which might have had an initial external stimulus), but has become so internalised and so endogenous within the sector that it is difficult to unbundle the realities of higher education and the notion of academic capitalism (Hatcher, 2000).

Slaughter and Rhoades (2004) recognise the reciprocal reactions and network of actors that link higher education institutions to each other. They also visualise the new economy in the form of corporate organisations and government bodies and agencies, and assign a much greater and at times 'aggressive' role to university

communities in instituting capitalism into their organisations. This prompts Slaughter and Rhoades (2004) to include more abstract manifestations of change within their framework. Such manifestations emerge in new forms of networking and organisational structures among and beyond the higher education sector. Kelsey's model in turn is more focused on the notion of privatisation.

The next part of this chapter draws on the concepts (introduced above) of: (1) commodification (2) commercialisation (3) competition, and (4) corporatisation which can be used as a lens through which to view the changes that have taken place in higher education in the context of the new knowledge economy. Like most models the proposed framework (4C's) is "like a biblical parable and like parables is neither true nor false, only illuminating or un-illuminating" (Kay, 2004:11). Here it is assumed that credentialism, computerisation and censorship are subsumed within the remaining 4C's. The explicit purpose of the model is to explore the changes that have occurred in higher education during an intense period of marketisation. The intrinsic value in the framework is that it captures the pervasive nature of academic capitalism in all its multifaceted permutations.

3.4.1 Commodification: Transforming Academic Knowledge into Economic Value

We have already seen in Chapter Two that Marxists dispute the fundamental notion of the knowledge economy, that knowledge can be treated as a separate factor of production. This discussion is continued here, with specific reference to the higher education sector. Carchedi (2005:282) among others considers knowledge production in education as a separate and special case from other material or mental commodities. Marxist thinkers perceive knowledge to be open-ended, and claim that the object of mental labour, in the case of education, the student's labour power and the means of mental production i.e. the lecturer's knowledge, campus and books, are transformed by the students' differing labour power. The value of the student's labour power can be increased by the amount of constant capital such as the university campus, and learning material plus the

variable capital or the lecturer's labour power, plus the surplus value (the surplus labour provided by the lecturer).

Subsequently, Carchedi contends that in the case of education capitalists own the material means of production (e.g. campus, books, computers) and have the means to acquire the mental labourer's labour power (including the lecturer's knowledge). This ultimately means that they own the knowledge too and can thus decide what knowledge can be produced, how it should be produced and by whom. In this way, Carchedi argues "knowledge is functional for the interests of the capitalist class" (2005:283), and that "the production of knowledge is influenced and steered by business" in a variety of ways (2005:283). He posits that scientists working for private enterprises are constrained to working in areas specifically identified by their employers.

Academics such as Slaughter and Rhoades (2004:17) argue that in the new economy, knowledge is treated as a "raw material" by organisations, and as such firms believe that knowledge can "be patented, copyrighted, trademarked or held as a traded secret, then sold in the market place for a profit." The government in turn argue that 'knowledge capitalism' or the process of exploiting new knowledge and creating commercial products and services is crucial for economic growth and to raise living standards (Leadbeater, 2000).

In 1994 Gibbons *et al* published their book *The New Production of Knowledge: The Dynamics of Science and Research in Contemporary Societies,* in which they claimed that the production of knowledge and the process of research were undergoing a radical transformation. In a bid to simplify the knowledge outcomes Gibbons *et al* reduced them to Modes 1 and 2. Mode 1 came to represent the older more traditional type of knowledge generally associated with scientific discovery, while Mode 2 was associated with a new type of knowledge production, which was usually linked to more "application-oriented" research (Nowotny *et al*, 2003:179). Gibbons *et al* suggest that Mode 1 and Mode 2 co-exist, although they posit that Mode 2 type research is more likely to be undertaken by trans-disciplinary researchers based outside traditional universities, either in company or governmental research departments or their own private consultancies.

The arguments presented in the book provoked a continuing debate about the nature of and production of knowledge. The notion of Mode 2 type knowledge was particularly appealing to the politicians, who were keen to establish explicit links between knowledge and research, to underpin their arguments about the future competitiveness of the economy (Godin, 1998). Critics however contested the idea of Mode 2 type knowledge on both theoretical and empirical grounds and offered a number of competing approaches (Hessels and van Lente, 2008). In some quarters academics, contested the linear notion of invention, where basic research, which is largely formulated within universities, is then applied and innovated by industry (Stock, 2008). Others like Hagen argue that it is very difficult to draw clear lines in the innovation process and that it is in fact more appropriate to talk of the co-creation of knowledge rather than treating knowledge transfer and knowledge creation as separate processes (Hagen, 2008 in Engwall and Weaire, 2008; Neuvo, 2008 in Engwall and Weaire, 2008).

Mode 2 was and in some quarters is regarded still as inferior to and contingent upon 'pure', 'blue-skies' 'fundamental' or 'disinterested' research. Gibbons *et al* (1994) argued that there were a number of factors influencing the transformation process, the most notable being the change in demand for research, and that a number of features including the growing numbers of knowledge production sites and the increased emphasis on the applicability of knowledge had forced knowledge-producers (such as universities) to review their processes. This point has been seized upon by a number of more contemporary researchers including Nowotny *et al* (2001) and Barnett (2003).

Drawing upon the typology posited by Gibbons *et al* (1994) representing the changing nature of knowledge it is possible to distinguish between a number of strands of research and teaching within the sector. Type 1 represents the more traditional type, whereby some universities seek to increase the body of theoretical knowledge with their research. Type 2 embodies the approach whereby institutions look to utilise their research in the application to practical problems. It is in between these two extremes where it is possible to discern new types of knowledge activities being generated. These new functions will be explored in the

subsequent empirical and discussion chapters. For now, it is important to note that the combination and proportion of these knowledge strands are combined differently within and between institutions and that by combining research ideas it is possible to produce a typology of the various notions of knowledge (reproduced in Table 3.1). This can be used as a starting point to chart the changing nature of knowledge within academia. This will be returned to later on in this dissertation to inform a map of knowledge as conceptualised within the higher education sector.

Table 3.1 A Typology of Knowledge

Date	Source	Typology Proposed
1945	Hayek	Scientific: Theoretical and Technical Time and Place
1994	Gibbons *et al*	Mode 1 (scientific discovery) Mode 2 (application-orientated)
2000	Lundvall	(1) Know-what (2) Know-how (3) Know-why (4) Know-who
2000	Smith	(1) Knowledge as an Input, (2) Product, (3) ICT, (4) Codified versus Tacit knowledge
2004	Thompson	Craftsmanship
2008	Moulaert & Gonzalez	(1) Artistic Knowledge (2) Social Intelligence (3) Common Sense (4) Culture

Source: Various (See Column 2)

The process of commodification, whereby knowledge becomes a commodity to be bought and sold, is clearly evident in both political and institutional initiatives across the higher education sector. It is perhaps most apparent in the introduction of funding for third stream activities, and in the rise of internationalisation. Prior to the late nineties, two forms of funding for HEIs existed; namely research and

teaching. In 1999 HEFCE introduced its 'third stream' of funding for the higher education sector.

HEFCE (2006) defines "third stream as anything other than research and teaching", which "can involve a range of activities (also known as enterprise activities) such as consultancy, contract research and the commercialisation of research". According to Lord Sainsbury (2007, cited in Times Higher Education, 2007) the changes in funding were designed so that the research universities would receive the same or slightly more money, but universities that were shown to be more engaged with business would receive the bulk of the monies usually reserved for competition. Figures support the claim that there has been a significant cultural change in the relationship between universities and the business sector. In 2000/1 British universities registered 248 spin off companies, compared with 203 in the previous year, and 70 a year on average in the five years before that (DTI, 2003). The number of new patents granted to universities reportedly increased by 130 per cent and the number of licensing agreements grew by 271per cent between 2000/1 and 2005/6 (DIUS, 2008).

3.4.2 Commercialisation

The Lisbon Council made it clear that they expect universities to evolve along the lines of modern businesses, and that as such governing bodies need to grow to reflect the wider needs of stakeholders, other than academics (Schleicher, 2006). This attitude was reflected in the UK in a report from the Council for Industry and Higher Education (Abreu *et al*, 2008) that suggested that universities in the UK needed to act like any other commercial organisation by improving external marketing and internal communications (Fearn, 2008). In turn the Leitch Review of Skills (2006), undertaken on behalf of the government recommended that employers needed to be more demanding of, and have more influence upon the programmes being delivered by, higher education institutions. Universities were also encouraged to regard employer-engagement on a level pegging with academic research. The government did recognise however that not all higher education institutions would be able to adopt the same approach to research and

teaching and suggested therefore that institutions should differentiate their activities (Attwood, 2007).   In a further bid to close the gap between what universities were providing and what employers were expecting and wanted the government determined to evolve an alternative vision of the university. It identified a number of institutions to pilot and develop its conceptual model of a 'business-facing' university.

While lots of universities and governmental departments have subsequently adopted the terminology of 'business-facing' on their websites and documentation; the term has little if any agreed meaning in such arenas and seems to be even less well understood in wider society. The phrase has connotations of the business world and of the adoption of private sector practices by public sector organisations. To some it is redolent of the privatisation practices being introduced across the public sector by governments; to others it is simply time that universities faced up to the global competitive market that they are part of. In simple terms it implies greater engagement between employers, universities and colleges; although in reality it likely entails a change of culture within the academic world (Sommerich, 2002).

Like most government initiatives the notion of the business-facing university has come under attack for its lack of clarity and detail. Journalists and those involved in higher education comment on commerce-friendly universities (Attwood, 2007), and 'demand-led and market-leading' universities, noting that it seems to be the less-research intensive universities that have chosen to declare themselves as business-facing (Gilbert, 2007). Universities claim that they are "a new type of emerging university – with a commitment to adding value to employers, enterprise and regional and national economies" (UH, 2011). The theoretical background relating to the notion of business-facing universities is generally regarded as weak, or at best limited (Godin, 2003; Boulton and Lucas, 2008). Proponents lean heavily on the theories of Human (Becker, 1964) and Social Capital (Putnam, 1993), and the notion of knowledge as a key resource or intellectual capital (Fuller *et al*, 2010). Implicit in all these theories is a direct correlation between the

acquisition of skills, brought about by training and or education and the growth of the economy (Smith, 2003).

There are a number of inherent problem in this area, as previously discussed. Firstly the government has failed to produce any substantial empirical research supporting the notion that by enhancing the country's skills and training it will ultimately lead to greater social inclusion and tolerance and economic growth and in fact most academic research questions this assumption (Keep and Mayhew, 1991; OECD, 1998; Harrison, 2002; Reid *et al*, 2004). Secondly, the government has by focusing on the supply side of human capital (i.e. the skills that are held by individuals) effectively ignored the actual skills employers are looking for and value in the labour market (Wickham, 1986; OECD, 1998; Harrison, 2002).

3.4.3 Corporatisation

Within the higher education sector what is evident is that changes are being made to the provision of higher education services in a variety of guises. For example: through the use of Private Finance Initiative's (PFI's) in support services and facilities; through the government's encouragement of greater private industry involvement in funding and designing courses; and through the new raft of public private partnerships between colleges and universities and private sector training and education providers. It is well documented that public institutions globally are now forced to compete against a range of private providers, although it is worth noting that the only private university in the UK, to date, is the University of Buckingham (Salerno, 2004). Although, as documented in the final chapter (the postscript chapter) this is set to change. This range of providers and variety of guises reflects the multifarious nature of higher education and reflects the assertion that:

> There is not a single higher education market but rather a multitude of markets. There is a market for students (undergraduates, postgraduates, doctoral students), a market for lecturers, a market for research grants, and scholarships, a market for donations, a market for graduates, a market for company training and so on (Jongbloed, 2003:111).

Ball refers to this particular part of the process of marketisation as "performativity a contraction of the phrase performance management", which he describes as "a culture and a mode of regulation" (Ball, 2007:27). It is in essence concerned with reducing the knowledge work of universities into measurable outputs, so that inefficiencies and poor performance can be driven out. For others it is the means by which the government aims to transform "a centre of learning to … a business organisation with productivity targets" (McNair, 1997 cited in Doring, 2002:140). For commentators like Giroux (2002) it is simply proof that successive governments perceive the private sector to be generally better at both service delivery and financial management than the public sector.

Corporatisation is most evident in the rise of new forms of management in the sector. A common feature noted by Shelley (1999) and Davies and Kirkpatrick (1995) is the adoption by academics of a more overt managerial agenda and managerial-like persona. This 'new managerialism' or "set of ideologies about organisational practices and values used to bring about radical shifts in the organisation" (Deem, 2004:109/110) has given rise to an increase in the number of resources devoted to management and administration duties within universities (Brown, 2011). Figures published in the Times Higher Education in 2011 indicate that between 2003/04 and 2008/09 the number of managers employed in British universities rose by 33 per cent, compared with a 10 per cent increase in staff and a 9 per cent increase in student numbers. Further figures suggest that at a university such as Oxford the cost of funding an enlarged central administration function is around £20 million a year (Oppenheimer, 2011).

Corporatisation is also responsible for the creation of an environment whereby academics have become increasingly "accountable" to those who pay for their services (Weber, 1996:29). In this sense 'accountability' refers to the increasing requirements for academics and institutions to account for outputs, such as the employability of graduates and the usefulness of research and is usually in the form of performance measures and targets. Formal strategic management and business planning processes, cost control, revenue generation and key economic

and accounting performance indicator based management appear to have been pushed to centre stage as a direct result of the introduction of marketisation into the higher education sector (Guthrie and Neumann, 2007), and have become increasingly "costly and time-consuming" (Callincos, 2006:17). There is also a growing trend (especially among post-1992 institutions) to appoint non-academic professionals with extensive financial experience to the university senior executive, whereas traditionally financial management was within the remit of the academics.

In 2007 HEFCE estimated that one third of the UK's higher education estate was no longer fit for purpose and that it would cost the sector around £6 billion in capital and maintenance expenditure to redevelop campus facilities (Massey, 2010). These onerous costs combined with fiscal constraints imposed by successive governments have forced universities to look for alternative methods of funding construction and renovation projects. Initiatives in the education sector have emerged in a variety of forms: ranging from projects that are capital intensive, involve upfront investment, or involve a design, build, finance and operate structure. PFIs (Public Finance Initiatives) tend to appeal to universities as they are perceived to be a means of obtaining necessary funds for modernisation programmes, as well as providing commercial expertise and transferring risk to the private sector. By 2006, there were around 170 PFI projects signed in the education sector, with an estimated capital value of circa £650 million (UCU, 2008). PPPs or Public Private Partnerships are simply means by which public sector agencies can access private capital for investment rather than through normal (shrinking) public sector capital spending budgets. Governments argued that they offered value for money by allocating risks to private companies and allowing universities, colleges and schools to concentrate on what they do best research and teaching.

3.4.4 Competition

According to Jarvis (2001) when supply and demand do not meet in the market, new suppliers emerge that seek to respond to the gap. Worldwide private providers constitute the fastest growing segment of the higher education sector

(Altbach, 1999). The UK government is clearly committed to encouraging the growth of private providers within the higher education sector:

> Alongside the development of our publicly funded universities and colleges we also see an important role for fully private providers over the next 10-15 years. (BIS, 2009:104).

According to research published by the UCU (2010) the private sector in UK higher education remains relatively small. Appendix 2 sets out the main private providers of higher education services in the UK, noting the services they offer and their affiliations as at December 2010. A number of private companies are attempting to establish joint ventures and private public partnerships with universities to recruit and in some instances to teach international students, offering them guaranteed progression onto degree courses. Currently there are only two companies with degree awarding powers in England: the College of Law and BPP College, and one private university (Buckingham).

Taylor and Phillips (2002:7) have defined corporate universities as "seeking to bring education and work together, for the mutual benefit of both". The first corporate universities emerged across the United States of America (USA) in the early eighties, but the last decade has seen an increase in their numbers, especially in the UK (Blass, 2005). Many purport that this expansion has been driven by the increasingly divergent nature of academics and practitioners (Ball and Butler, 2000; Anderson *et al*, 2001).

The first UK corporate university was most likely Unipart in 1993. According to Griffiths (2002) Unipart built a multi-million pound campus, with very contemporary lecture halls and computerised learning centres, in the midst of their headquarters in Cowley. Since 2000 Unipart has opened its university to external organisations and has developed a commercial consultancy operation for companies interested in accessing the expertise within the company's university. IBM also has a business school in Hampshire and the UK's Civil Service College in Sunningdale offers over 500 courses to the private and public sector alike.

Although, research suggests that corporate universities were initially set up to replicate and enhance traditional industry training departments, many within the higher education sector anticipate that, with political consensus, corporate universities might look to compete directly with some higher education institutions (Blass, 2005). To date however there is little evidence to support the assumption that by opening their programmes to external audiences such institutions are threatening traditional university degrees (Prince and Beaver, 2001).

Increasing competition within the higher education sector is forcing universities to seek out ways and means of distinguishing themselves in a largely undifferentiated market place. Increasingly universities are competing for students and research funding on an international basis. Internationalisation or "the process of integrating an international/intercultural dimension into the teaching, research and service functions of the institution" (Knight, 1994:3) has become a real force within the higher education sector (Brandenburg and de Wit, 2011).

The advent of global university ranking systems often means that research–intensive institutions are judged not only on where they are positioned in national league tables but on their standing in international tables (Marginson, 2004). The Higher Education Academy's website notes that "the numbers of international students and staff are rising within the UK higher education sector and institutions are becoming increasingly reliant on them for their income and academic development" (HEA, 2011). According to figures released by the Higher Education Statistics Agency nearly 200,000 offshore students studied for qualifications from British universities in 2008, generating more than £268 million in fees for the sector. The figures also show that more than half (circa 100,000) of the students participated via distance learning courses, while a further 7,500 were at overseas British campuses run by British Universities. The remaining students (circa 89,000) were studying for qualifications offered by UK institutions in collaboration with foreign partners (Higher Education Statistics Agency, 2009).

Across the sector responses to internationalisation have varied; while some institutions prefer to rely on franchising degree provision to international partners, other institutions have set up campuses overseas. Many institutions consider the export of products and services as a significant means of generating additional revenue. A recent study highlighted that there are 1,600 institutions globally offering UK higher education awards (Times Higher Education, 2010).

It is within this broad area of competition that previously benign functions like marketing, branding and public relations converge. What remains overlooked in much of the literature relating to the changes in the sector is that in order to engage actively with the market, institutions are forced to expend significantly more. For example institutions are encouraged to engage in expensive re-branding exercises in order to enhance the reputation of their institution so that they can ultimately employ and retain superior staff to conduct improved research and hence to attract more and better students. This in turn creates its own impetus to spend more to update campus buildings and facilities in order to enhance the prestige of the institution (Van Vught, 2007). Research carried out in the United States (USA) has shown that the total cost of higher education has risen significantly, with per-student spending rising by 62 per cent between 1980 and 2000 (Geiger, 2004). Commentators anticipate a similar situation occurring in the UK.

3.5 CONCLUSIONS

This chapter has sought to highlight the main changes that have occurred in the higher education sector over the past eighteen years (1992 to 2010). In essence these changes are: (1) the size of the system; (2) the changed dynamic between the state and universities; (3) declining public funding and (4) the introduction of external audits of teaching, research and academic standards (Deem, 2004). It has also created a framework, through which these sectoral changes can be unpacked and investigated in greater depth, by focusing on practical manifestations of these specific changes in the following empirical chapters.

The narrative of the knowledge economy has reshaped education as a resource primarily for the economy (Rhoades and Slaughter, 2004). This has led to a fundamental shift within higher education whereby knowledge, which was originally sought from a position of 'disinterested inquiry' (Bozeman, 2000), is, increasingly valued for its commercial potential (Heap, 2008 in Engwall and Weaire, 2008). In 1995 Noam suggested that (1) the creation of information and knowledge, (2) the preservation of information and knowledge and (3) the transmission of information and knowledge were the three main functions of traditional university activity. By 2001, "knowledge" had "become information packaged and presented for sale, retailed by, among other, the universities" (Jarvis, 2001:88). By 2008 making a profit was seen as an overriding objective in universities (Holt, 2008 in Engwall and Weaire, 2008).

Following the recasting of knowledge, universities have been coerced by financial incentives and policy exhortations to reorganise their facilities to ensure that they are interacting more closely with businesses. The term 'academic capitalism' has been coined by Slaughter and Rhoades (2004:7) to capture the process whereby universities are moving from "public-good knowledge/learning regime to an academic capitalist knowledge/learning regime". This re-shaping of knowledge and its production can be observed in the way that universities have chosen to adopt more business-like processes and procedures (Engwall, 2008; Whitley, 2008). The advent of the market means that universities have, for example, started to measure the value of a piece of research, by noting the number of patents and or spin-offs it generates (Wedlin, 2008, in Engwall and Weaire, 2008).

The changes within higher education have been referred to as "a new public sector policy environment of self-regulation and market competition" (Neave and van Vught, 1991:129). The new policy context is built upon the basic assumption that market forces are more likely to achieve greater efficiency within the sector than centralised government control. In June 2009 when the government decided to disband the Department for Innovation, Universities and Skills (DIUS) and to replace it with a Department for Business, Innovation and Skills (BIS), many academics viewed this as indicative of the government's perception of the

importance of higher education as simply an appendage to the business unit (Attwood, 2009).

Current global policy-making "favours the market and individualism as the means for developing knowledge and skills for the knowledge economy" (Robertson, 2005:151). This means that education in a knowledge economy will not be "education as we have known it" (Robertson, 2005:152). Biotechnology and Information Technology are often upheld as key examples of knowledge in a heavily technologised and digitised knowledge economy, which in turn emphasises the importance of universities as knowledge sites (Slaughter and Rhoades, 2004). Many protest that the market model neglects the intrinsic nature of higher education (Hughes and Kitson, 2012) and its broader public contributions to the cultural, social and economic health, wealth and reputation of the UK (British Academy, 2010; NEF, 2011) in favour of "those sectional interests with the money to pay for the knowledge they want" (Kenway et al, 2004; 341). Recent research suggests that the social benefits of higher education in fact represent 52 per cent of the total benefits (British Academy, 2010), and that simply by measuring three social outcomes universities can be seen to contribute £1.31 billion to UK society over and above the economic benefits currently measured by the government in the recent Browne Review (NEF, 2011).

Many argue that it is not possible to generate a causal link between education and growth. As early as 1976 Dore identified ten other variables, which he claimed could be used to explain the relationship between education, earnings and growth. Even the OECD acknowledged that the "contribution of academe to knowledge production may actually weaken" by its subjugation to pure economic values (OECD, 1996:25). UNESCO recognise that the narrow and reductionist logic of Knowledge Economy policies (UNESCO, 2003) reduce the purpose of going to university solely to securing the right sort of corporate job. However, those who prescribe to economic growth models estimate that on average graduates salaries are likely to be more than 26.9 per cent higher than those who leave education after A-levels (Sianesi, 2003).

Having examined the changes that have occurred in the higher education sector the next chapter turns to the value chain theory. The value chain framework is generally used to help firms and industries identify where value and or their competitive advantage lies. While much has been written about value chains in the private sector, value chains in the (quasi-) public and service sectors and more specifically in higher education have been largely ignored. Chapter Four sets out to critique the existing literature surrounding the conceptual value chain framework.

CHAPTER FOUR

VALUE CHAINS

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VALUE CHAINS

4.1   INTRODUCTION

The preceding literature chapters have highlighted the correlation between the trajectory of marketisation within and of the higher education sector in England and the government's road map for a knowledge economy. The main aim of this chapter is to present the value chain framework, which will be used later in this thesis as an analytical tool to explore the impact of marketisation on the business models of a number of HEI's. This part of the study draws heavily on the body of work that concentrates on structural aspects such as inter-firm networks and global commodity/value chains and considers the diversity of firm's production systems and organisational structures (Gereffi, 1999; Coe *et al*, 2004). Much research has been carried out on these structures (whether they be chains or networks) with the emphasis, to date, being placed on the governance or relational intensity between the actors that make up these configurations (Taylor, 2010); and or more recently on the significance of labour to the shape and form of global value chains (Rainnie *et al*, 2011; Coe and Jordhus-Lier, 2011).

The chapter is divided into three parts. The first part examines the restructuring of firms in the knowledge economy in general to establish a contextual background for the framework of value chains. The second part evaluates the strands of literature that have evolved focusing on, in particular the approaches of Gereffi and Korzeniewicz's (1994) global commodity chain (GCC); Gereffi *et al* (2005) global value chain (GVC) and the global production network (GPN) posited by researchers from the Manchester School (Henderson *et al*, 2002; Coe *et al*, 2008a). Thirdly the chapter discusses the established challenges to the value chain framework, and considers in some detail the notion of value, and how it is created within the context of the literature.

4.2   FIRMS IN THE KNOWLEDGE ECONOMY

4.2.1 Trends Towards Outsourcing and Restructuring of Value Chains

Rapid change in the global economy brought about by increased competition and changes in technology and marketisation means that organisations, both public and private, have been forced to change the structures of their organisation and the delivery of their 'products'. It has been suggested by some that as competitive advantage becomes more dependent upon the speed with which innovation, production and distribution take place (Borrus and Zysman, 1997) a national base is no longer sufficient to maintain corporate competitive advantage (Stopford and Strange, 1991). In turn the growing importance of knowledge and innovation has required firms to review how they generate and manage innovation and knowledge (Malmberg and Maskell, 1997; Teece, 1998).

Technological innovation in various production processes has meant that firms are able to fragment such processes, which has led to a greater degree of standardisation in some manufacturing operations. This combined with rapid developments in the technologies of transport and communication has enabled firms to choose where in a geographical sense to locate their production processes (Humphrey, 2003). This relocation of production forms the basis of the new international division of labour theory, which rose to prominence in the early 1980's (Froebel *et al*, 1980). One of the most well-known and documented case studies of such new production and or organisation methodology is the apparel industry (Gereffi, 1999; Pickles *et al*, 2006; Kessler, 2004). Gereffi (1999) has shown how companies such as Nike have successfully outsourced large chunks of their value chain permitting them to concentrate on higher value-added activities such as design, sales and marketing, and the creation of a global brand.

Academics and practitioners have come to recognise, however, that firms are able to choose from a diverse range of strategies in response to the challenges and opportunities of global competition (Schoenberger, 1988; Dicken, 1998; Hardy, 2005). Research has shown that firms make decisions to locate and produce across national boundaries for a variety of reasons. Transport costs and trade barriers are

just as likely to persuade an organisation to relocate production overseas (Held *et al*, 1999), as the lure of cheap labour (Schoenberger, 1988). Technological advances do not necessarily mean that a firm will choose to relocate its production outside of its domestic economy. There are a number of examples where firms have preferred to create cost efficiencies by utilising the new technology to reorganise production at home (Kessler, 1999).

Evidence also suggests that comparable firms or firms within the same industry do not always exhibit similar behaviours. The adoption of sourcing policies such as just-in-time, for example, means that some firms are reluctant to de-link and prefer to be spatially proximate to their preferred suppliers (Schoenberger, 1988; Dicken, 1998; Hardy, 2005). While some firms may decide to focus on their core activities by subcontracting or outsourcing activities that they perceive to be peripheral, other organisations prefer to retain all capabilities in house (Gourevitch *et al*, 2000; Johns, 2006). Increasingly what is evident however is that firms are choosing to restructure their value chains in order to become more competitive in a globalised economy (Lakha, 1994; Pavlinek and Janak, 2007).

Firms are generally acknowledged to be much more flexible than previously thought and the traditional, rigid models of organisational structure have been subject to criticism (Chandler, 1962). Conventional forms of organisational hierarchy are perceived to inhibit both organisational learning and innovation, while smaller, flatter and more specialised structures are regarded as more conducive for activities for which speed and responsiveness are critical. This has caused tension within large organisations that have struggled to balance the demands of decentralisation against the desire of head offices for control (Dunning, 1997; Cooke and Morgan, 1998; Gourevitch *et al*, 2000). These structural changes mean that individual links (or activities) in value chains have to co-operate and devolve much greater levels of trust than ever before (Kaplinsky, 2000). For many organisations, especially in high tech areas such as pharmaceuticals, the rising costs of development, producing and marketing new products, has led to a marked increase in the growth and spread of strategic alliances (Morris and Herbert, 1987). Increasingly firms are choosing to form networks of alliances as opposed to single alliances. Firms and organisations are

frequently referred to as "a dense network at the centre of a web of relationships" (Badaracco, 1991:13-14).

4.3 VALUE CHAINS: AN OVERVIEW OF BASIC PRINCIPLES

Having established earlier the trend for organisations both private and public to restructure their value chains, this part of the chapter turns to examine the existing value chain literature. It begins with a review of a number of alternate approaches for examining the changing business structures of organisations and discusses the rationale for choosing the value chain framework (Hearn et al, 2007).

Wood (1999:1) describes value chain analysis as "providing a meeting ground for Economics, Business Administration and Industrial Sociology", and indeed much of the literature relating to this body of work emanates largely, but not exclusively from Social Science disciplines outside of mainstream Economics. For example, organisational behavioural literature is used to investigate how firms are embedded in the value chains and the networks of other firms. Given the "sprawling multi-disciplinary" nature of this work (Coe *et al*, 2008a: 267) it has been necessary to focus this review on the most influential, albeit interlinked strands of literature: namely the global commodity or value chain and the global production network approaches.

4.3.1 Global Commodity/Value Chains (GCC/GVC)

Global value chains explicate the variety of functions that take a good or service from conception through to consumption, including activities, such as the provision of raw material; the input of various components and the delivery to the final consumer (Gereffi, 1999). The chain metaphor has been widely used across various disciplines with slightly varying terminology, i.e. Porter's (1990) value chain (Business), Walker's (1989) filière and Storper's (1992) commodity chain (Economic Geography) (Dicken, 1998; Kaplinsky and Morris, 2001). The notion of value chains was used by the French to analyse agricultural policies as early as the 1960's (Girvan, 1987). Although the term 'commodity chain' is purported to

date back to a 1977 article by Hopkins and Wallerstein (Bair, 2005), who defined commodity chains as "networks of labour and production processes, where the result is a finished commodity" (Hopkins and Wallerstein, 1994:16).

Modern value chain literature tends to credit Gereffi (1994) with generating interest in the notion of the global commodity or production chain. Gereffi's global value chain approach tends to focus on how value chains are formed by the linking of various nodes in different geographical locations (Thomsen, 2007). The value chain model is that of a chain composed of a number of links, where each one represents a separate, but interrelated activity in the production and distribution of goods and services. For example design and marketing represent two links in the commodity chain for the apparel industry. Every commodity or value chain (a term subsequently adopted by Gereffi *et al*, 2005) is driven by a lead firm who controls and coordinates the production process. It is this lead firm, proponents argue, that ultimately affects local development outcomes.

According to Appelbaum and Gereffi (1994) and Gereffi and Korzeniewicz (1994) global commodity chain analysis is "principally concerned with understanding how global industries are organised" (Bair, 2005:157). Having identified the full set of firms involved in a particular commodity chain and mapping their relationships, the goal of the analysis is to understand by whom and how value is generated along the chain (Bair, 2005). Gereffi (1999, 2005) uses a form of 'industrial upgrading' to demonstrate the possibilities for firms to progress along the chain. The inference of this analysis is that in an era of increasing globalisation and intensified international competition countries need to consider carefully where to position themselves strategically in order to allow them the best access to global networks and the lead firms within them (Gereffi, 2001). Hence this type of analysis and synthesis helps to build up a picture of how interactions determine the form of each node, and can be applied either to individual firms or industries.

In 1994 Gerrefi posited that value chains had three main dimensions: an input-output structure; a territoriality; and a governance structure. The input-output structure simply refers to the links between the various nodes of production and distribution in a chain of economic activity in which value added is produced, for

example, raw materials, service functions and knowledge. The territoriality dimension serves as a reminder that commodity chains are geographically situated. The third dimension or governance is designed to provide a more detailed and comprehensive view of the tensions and divisions existing among retailers and manufacturers within commodity chains (Kessler, 1999). Gereffi and Korzeniewicz (1994) initially suggested that governance in value chains could take two forms: they could either be buyer-driven or producer driven. Producer driven chains were assumed to occur in those industries where transnational corporations played a central role in controlling the production system; examples include industries such as cars and computers. A buyer driven chain referred to situations where large retailers or brand names served a pivotal role in setting up decentralised production networks, such as in the garment or toy industry (Dicken, 1998). Gereffi's (1994) did not imply that either of these forms of economic governance was superior in any way, the perception being that they were "contrasting (but not mutually exclusive) poles in a spectrum of industrial organization possibilities" (Gereffi, 1994: 99). In 2005 Gereffi *et al* introduced a wider variety of inter-firm governance types, to include market, modular, relational, captive and hierarchy.

Scholars and practitioners are drawn to the global value chain theory as it allows them to focus simultaneously on the connections between the international and the local operations of firms (Gereffi and Korzeniewicz, 1994). Used in this way it is an extremely useful framework for carrying out comparative analysis between regions and clusters (Humphrey, 1995). The focus on value creating activities in particular enables links to be made between the locations of firms within value chains to the developmental possibilities of regional economies (Smith *et al*, 2002). This aspect has proven particularly attractive for academics given the emphasis assigned to the relationship(s) between universities, innovation and regional development by policy makers. It is also possible using the framework to analyse 'value flows' and asymmetrical power relations to ascertain the likely winners and losers in the globalisation of production.

Criticisms include claims that much of the work undertaken to date using this approach has focused on existing chains which fail to reconstruct the chain's

history and therefore ignore the social relations embodied in the same (Henderson *et al*, 2002). In this way Taylor (2012) among others suggests that Gereffi's GVC tends to overlook the forms of governance in actual chains, and that the revision to the model (i.e. the inclusion of the five new types of governance in 2005) simply scaled down the concept of governance from a characteristic of an entire chain to the mode of co-ordination at a particular link. The main censure however is reserved for the central conceptualisation of the framework, the notion of the chain, which is regarded as linear and hierarchical (Henderson *et al*, 2002). Some authors, such as Sturgeon (2000: 2) are keen to distinguish between the terms 'chain' and 'network', arguing that while "a chain maps a vertical sequence of events leading to the delivery, consumption and maintenance of a particular good or service", a network "maps both the vertical and horizontal linkages between economic actors". This does not suggest however that the chain metaphor is in any way static (Sturgeon, 2000). Gibbon *et al* (2008) posit that despite the differences in terminology (i.e. chain or network metaphors), which reflect differing orientations (i.e. business-management or economic development), they can be seen to form a loosely integrated body of work.

4.3.2 Global Production Networks (GPN)

Building on the commodity chain approach, the Manchester School advanced the global production network (GPN) framework (Henderson *et al*, 2002; Dicken and Henderson, 2003; Coe *et al*, 2004). Global production networks are defined as "the globally organised nexus of interconnected functions and operations by firms and non-firm institutions through which goods and services are produced and distributed" (Coe *et al*, 2004: 471). The theory is based on a similar premise to that of the GCC/VC framework, but its proponents (mainly Economic Geographers) contend that global production activities are better conceptualised as complex, networked structures and extend the previous theory by the addition of notions borrowed from actor-network theory and varieties of business and or capitalism systems literatures (Coe *et al*, 2008a).

Where earlier approaches such as GCC/VC emphasised the role of lead firms (Cumbers *et al*, 2008), the GPN approach tends to focus more on the changing power networks and the complexities of space and time that exist in modern,

global systems of production and exchange. Its proponents claim that in principle it is a broader relational foundation, which is more heuristic than GVC, largely because it goes beyond the linear structure of the chain, and focuses on actors and relationships and not just those inter-firm transactions (Coe *et al*, 2008b; Taylor, 2010). In this way Taylor (2012) posits that GPN can be seen to restore much of the geographical dimension, which had been largely abstracted out of GCC/GVC analysis (Dicken *et al*, 2001). More recent developments centre on the inclusion of labour as agency, as vital for any meaningful analysis of GPN (Taylor, 2010; Coe and Jordhus-Lier, 2011; Rainnie *et al*, 2011). However, the greatest criticism of the GPN approach is levelled at its inability to date, to produce any research that is distinct from that obtained using GCC/GVC analysis (Levy, 2008).

4.3.3 The Framework of Choice: Global Value Chains (GVC)

A number of studies have been generated over the past two decades, which either utilise the chain, network or some variant approach (Henderson *et al*, 2002). Inevitably, there are a number of common themes inherent in these various frameworks, alongside some confusion over the various terminologies employed (Sturgeon, 2000). Each of the approaches recognises (albeit to differing extents) the reach and impact of governance structures and their inherent power asymmetries within value chains or networks (Coe *et al*, 2008a. However, there are differences in the relative emphasis and or coverage within each of the frameworks for example, the role of agency of non-firm actors. These differences often stem from the intellectual domain from which the framework was derived i.e. business-management or economic-development (Henderson, *et al* 2002). Proponents posit that the advantages of GPN include its focus on the social relations of production, including employment, skill and working conditions that tend to be overlooked in some GVC research (Henderson *et al*, 2002). Others contend however that labour as a value source and actor is equally neglected in much GPN analysis (Cumbers et al, 2008). Subsequently, there continues to be much debate surrounding the frameworks, especially concerning the validity of the various nomenclatures (Bair, 2005; Hess and Yeung, 2006; Coe *et al*, 2008b).

Critiques of the value chain or the alternative 'filière' framework insist that the linear notion of the 'chain', which by inference, is organised vertically, or the tree-

like structure of the filière', are insufficient to capture the complexities of a modern set of relationships (Henderson *et al*, 2002). These increasing complexities make alternative metaphors, like 'network' appealing. However, as Taylor (2012) rationalises just as GVC analysis might concentrate too heavily on the linkages in the value chain (Bair, 2008), GPN could be accused of focusing too deeply on relational aspects. Further criticisms of GPN include its negation of any analysis of directional flows and power relations between the parties in its networks and thus its inability to locate where and by whom value is being added (Huws, 2009). It is also accused of failing to recognise the potential for different forms of knowledge and hence its narrow focus on formal R&D and technology transfer (Ernst and Kim, 2001).

The difficulties mentioned above, coupled with the 'purposive simplicity' of the GVC approach (Sturgeon *et al*, 2008; Nadvi, 2008) help to explain the preference of this particular study for the value chain framework. However, the intention of this work is to elaborate on common conceptual challenges to this broad body of work in relation to a particular area of the (quasi-) public/service sector rather than to get caught up in the differences between the constituent approaches; so as Taylor (2012:5) suggests this study considers the chain and network frameworks as being complementary and "operating at different analytical levels" rather than being mutually exclusive.

4.4   ESTABLISHED CHALLENGES TO THE VALUE CHAIN FRAMEWORK

The following section discusses a number of areas that are neglected or under-developed in both the global value chain and global production network approaches (Kaplinsky and Morris, 2001; Coe *et al*, 2008b). Critics argue that the global value chain framework, in particular, is limited in the extent to which it deals with a number of issues, including: value and its creation (Contractor and Lorange, 2002; Johns, 2006); labour (Rainnie *et al*, 2011; Taylor, 2010); its productionist bias (Pelupessy and Van Kempen, 2005); quality standards (Nadvi,

2008) and determinism in power relationships (Coe *et al,* 2008b). A more general criticism is levied at its neglect of service-based activities (Taylor, 2012).

4.4.1 Knowledge and the Creation of Value

As we have seen knowledge is considered to be a key strategic asset for the firm, despite being difficult to trade, replicate and value (Grant, 1996). Concomitantly, firms are becoming increasingly aware that their internal knowledge is rarely sufficient to solve product and or process problems (Grandstand *et al,* 1993), and look to draw knowledge from external sources, such as suppliers, universities and even from customers. In order to release its value knowledge (usually) needs to be embedded or packaged into products and or services (Teece, 1998; Hall, 1999), which is where it can be seen to be a source of competitive success (Collins *et al*, 2002). These ideas find much support in the wealth of literature relating to the positive correlation between the development of clusters and regional development (Porter, 1990).

Value chain theory tends to side step (intentionally or otherwise) the issue of knowledge in its various forms and subsequently any analysis tends to emerge as technologically deterministic (Contractor and Lorange, 2002; Johns, 2006). In general, writers on the subject of value chain analysis lean towards a narrow comprehension of knowledge, which favours scientific and professional-organisational type knowledge and almost denies the more tacit, common sense type of knowledge (Moulaert and Gonzalez, 2005). In so doing value chain analysis tends to focus on the location of R&D centres and overlooks other forms of knowledge and sites of production (Ernst and Kim, 2001).

Value is yet another ambiguous concept which is both difficult to capture and measure and is intrinsically linked with the notion of an economy based on knowledge. Value has been defined alternatively as "the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given" Zeithaml (1988: 14) and more simply as what you get, for what you pay (Sirohi, McLaughlin and Wittink, 1998). Within GCC/GVC/GPN analysis "value has taken on multiple meanings rendering it frequently meaningless" (Taylor *et al*, 2013: 2). The notion has become concerned entirely

with quantitative aspects of value. Even in a business context, however, value is about so much more than money, as in most if not all relationships there is an element of service, which ultimately has a value perception, linked to it. In particular labour as a value source is neglected in both GVC and to a lesser extent GPN analysis (Cumbers *et al*, 2008).

Given the current political agenda knowledge in the form of science and technology, has been assigned a value, or is considered to be of value. Within academia the notion of value has been transferred to the ability of institutions to produce scientists, engineers and technologists (Robertson, 2008), and to generate or develop applied research. Academics claim it is possible to measure the value of knowledge by capturing the social labour time expended to produce it, although there are inherent difficulties in determining the labour time employed when producing digital products (Rieu, 2009). There is some debate however in wider society, as to whether knowledge can be considered to be (1) a source or (2) a new source of value creation. Rieu (2009) has summarised the various schools of thought in this area using a number of formulaic equations:

(1) Knowledge + other inputs (including labour) → knowledge

(2) Labour power + other inputs → knowledge

(3) Knowledge + other inputs → commodities (other than knowledge)

(4) Existing knowledge + labour → surplus knowledge

The first equation can be seen to embody Castell's (1996) idea of the importance of the "reflexive application of knowledge to the production of knowledge", while the Marxist notion that it is impossible to separate knowledge from labour power (Carchedi, 2005) is characterised in the second equation. Rieu (2009) determines that it is difficult to calculate whether knowledge can be considered as a new source of value in both these equations, because knowledge (albeit in different configurations) is incorporated within labour power. The suggestion in the second equation being that skilled labour is simply unskilled labour plus knowledge. The third equation symbolises the idea of knowledge as a "fictitious commodity" (Jessop, 2002), or as something produced that is not for sale (Polanyi, 1944). Here it is espoused that knowledge is a factor of production, not a product of capitalism.

Therefore, to be able to transform knowledge into a commodity other factors such as institutional and ideological guidelines are necessary.

In the fourth and final equation knowledge is denoted as a new source of value (Morris-Suzuki, 1986). In her conceptualisation of 'information capitalism' Morris-Suzuki contends that it is impossible to generate surplus knowledge in the production process if knowledge simply transfers value. The exploitation of knowledge is only possible if the reflexive application of knowledge is combined with the use of free or communal knowledge. According to Morris-Suzuki (1986:63), it is therefore possible to consider knowledge as a new source of value creation as "…while the knowledge inputs are mostly free, the new surplus knowledge created by the project has a price, conferred on it by the patent system, which has turned it into a piece of private property". Jessop (2002:110) however contends that this highlights the tension between "knowledge as intellectual commons and knowledge as intellectual property" and Chang (2003) counters that the introduction of IPRs (International Property Rights) has led to increasing transaction costs, which ultimately ensure that the production of surplus knowledge becomes more difficult (Rieu, 2009).

4.4.2 Labour

Within both global value chain and to a lesser extent global production network analysis, primacy is extended to the role of lead firms and their strategies. In this way the role of labour process dynamics is largely forgotten (Rammohan and Sundaresan, 2003; and labour is devalued as agency (Taylor, 2010). Where labour is acknowledged, it tends to be treated as a passive victim of the processes of re-engineering business models as opposed to an active participant. It is considered to be simply one factor among many that could affect the value chain (Cumbers *et al*, 2008; Smith *et al*, 2002), and like value, it is considered from its material not its social side. Academics and practitioners alike posit that labour is a fundamental component in the (re)-structuring of firm's value chains and as such is critical to understanding the dynamics of any value chain (Cumbers *et al*, 2008). Organised labour groups, such as trade unions are often credited with having influenced companies decisions concerning the geographical (re)-location of activities within the value chain; while at a more localised level labour can be perceived to

influence wealth and working conditions at a particular point in any chain (Smith *et al*, 2002).

Although there is a developing body of work considering the role of labour in value chains (Herod, 2001), scholars insist that this conceptualisation needs to be extended in order to incorporate a more nuanced and complex analysis of labour, that can be built into global value chain/production network analysis to create a more heuristic framework (Cumbers *et al*, 2008). Taylor's (2010) work on critiquing global call centre value chains, tends to focus on the agency of labour in relation to workers productivity; while Rainnie *et al* (2011:155) posit that the role of labour as an "active agent" has been overlooked and call for its more central repositioning in future analysis.

4.4.3 Productionism

Related to the previous censure that labour is often underplayed in such analysis is the contention that consumption and consumers are also largely ignored (Pelupessy and Van Kempen, 2005). Leslie and Reimer (1999) suggest that the value chain approach is overwhelmingly productionist, in that it tends to emphasise the importance of the factors of production over all others. Value chain analysis is considered to have an undeveloped view of consumption, which ignores a number of factors including the fact that advanced users have power in the chain, alongside consumer cultures and geographies (Sturgeon, 2006). Given the increasing emphasis being placed on the consumer in policy making (Bridge, 2008) this oversight seems particularly remiss. In higher education, for example, the government has announced its intention to position the student at the heart of the system (BIS, 2011). It would seem appropriate therefore that such consumerist influences should be reflected within any meaningful value chain analysis.

Organised consumer groups, civil society organisations, and ethical consumers also tend to be invisible in value chain analysis (Hughes *et al*, 2008). Civil society organisations often engage in public campaigns which put considerable pressure on firms and influence them to adopt more socially responsible strategies and behaviours (Coe *et al*, 2008b). Research has shown that the purchasing decisions

of consumers are increasingly influenced by the "ethical reputations and credence factors" of companies (Dolan and Humphrey, 2004: 503; Fitzpatrick, 2010). To date global value chain and global production network analysis continues to negate the influence of such ethical campaign groups. Observers are now insisting that the influence that such groups maintain in shaping organisational practices along global value chains demands that they are afforded more consideration in any future analysis (Pelupessy and Van Kempen, 2005; Coe *et al*, 2008b; Hughes *et al*, 2008).

4.4.4   Standards

Factors such as 'quality' are also seen to be under-developed in value chain analysis. Recently scholars have started to investigate the notion of quality in respect of value chain analysis, and to explore the effects that international standards (such as the ISO 9000 international quality standard) are having on the operation of global value chains, especially in knowledge areas such as electronics (Raj-Reichert, 2011). While there has been an abundance of literature produced charting the rise of global standards (over 10,000 in 2003 according to a study by the World Bank), there has been a distinct lack of attention given to product and technical standards and the implications that these may have on the structure and organisation of global value chains (Coe *et al*, 2008b). This lacuna, according to Nadvi (2008) may be explained (albeit only partially) by the growing confusion surrounding the number of standards being issued and the vast array of national and international bodies, both private and public involved in driving these standards. However, this does not detract from the fact that the conceptualisation of global value chains needs further refinement to ensure that it is considering all the various forms of power and value incumbent in any value chain (Coe *et al*, 2008b).

4.4.5   Firm Determinism and Invisible States

One of the biggest tensions inherent within the theory of value chains however is the contention that firms are assigned a role that is overly deterministic. Coe *et al* (2008b), among others, suggest that theorists often ignore the fact that firms do not drive all the processes within a value chain, and that in turn value chains are

deeply influenced by the institutional and geographical environments within which they are embedded and operate. Firms are for example, influenced by nation-states and international institutions such as the World Trade Organisation when making strategic decisions. The spread of networking and alliances has been facilitated by the implementation of complementary regulatory and environmental conditions. Traditionally, firms feared forming alliances and sharing knowledge because of the likely misappropriation of knowledge by allies who were erstwhile competitors, alongside the costs of transferring the knowledge. The introduction of TRIPS (an international system of intellectual property protection), by the World Trade Organisation has greatly reduced the fear of misappropriation, while the wide spread adoption of information technology has allowed companies to transfer codified information swiftly and relatively cheaply (Contractor and Lorange, 2002).

Another major concern is the general hypothesis of the theory that it is the behaviour of lead firms in these chains that determines the behaviour of smaller, less prominent firms along the same chain (Henderson *et al*, 2002; Bair, 2005; Gereffi *et al*, 2005; Thomsen, 2007; Coe *et al*, 2008b). Critics contend that much of the literature appears static as it fails to acknowledge or address the relative changes in the power held by each separate but interrelated activity along the value chain, but prefers to spotlight power relations and inter-firm collaboration along the chain (Contractor and Lorange, 2002; Rothenberg-Aalami, 2004; Thomsen, 2007). Again, the focus on governance structures (authority and power relations) between firms means that much of the analysis although useful, is incomplete (Dicken *et al*, 2001; Rothenberg-Aalami, 2004). Coe *et al* (2008b) posit that the fixation with transactional relationships along the value chain means that the significant role that internal structures and relationships inside firms play is usually neglected (Dicken and Malmberg, 2001).

Equally, the role of the government tends to be underestimated in areas relating to governance and control beyond the level of the individual firm. This oversight is particularly significant in studies investigating regional development areas given the fundamental role of state action in attracting foreign investment (Smith *et al*, 2002). In some quarters it has been suggested that value chains, by their very

nature, are embedded in localities and as such local, social and production networks can and will impact on organisational performance (Bair, 2001; Smith *et al*, 2002). Researchers have begun to raise concerns also over the omission of the natural environment and its relationship with the processes of production, distribution and consumption within value chain approaches. Academics in some quarters (Hudson, 2001; Coe *et al*, 2008b; Bridge, 2008; Hudson, 2008) feel that the importance of pollution and waste, make consideration of the demand that production puts on the natural environment an essential factor in any analysis. However, while accepting the criticism that commodity/value chain theory diverts attention away from the state-level and labour process determinants and hence reduces their significance, it does not ignore them absolutely (Kessler, 1999).

4.4.6 The Service Sector

Gereffi (2006) argues that value chains in the information economy are similar to chains in the manufacturing sector. Others including Flecker *et al* (2013) contend that the service sector as a whole remains under-represented in GVC/GPN analysis. Given that services are far from homogeneous sectors (see Chapters Two and Three), theorists and practitioner's claim that any analysis needs to conceptualise the peculiarities of service activities. Special emphasis needs to be given to activities such as (1) the codification of knowledge, (2) organisational flexibility and (3) flexible employment (Flecker *et al*, 2013). Case studies to date have highlighted the highly diverse nature of value chains and networks in the sector, which are shaped by the characteristics of services. Despite these studies insufficient attention has been paid to the sector yet and more research is needed (Flecker *et al*, 2013).

4.5 CONCLUSIONS

Advances in information technology and changing consumer preferences (a penchant for variety and speed over cost), alongside pressure to balance local needs and demands against those of the global market (Amin and Thrift, 1994; Dicken, 1998), mean that firms increasingly "de-construct their value chains into

greater specialisation, with different pieces of the value chain occupied by different firms co-operating with each other" (Contractor and Lorange, 2002: 495). This statement is as true for organisations operating within the (quasi-) public and/or service sectors as it is for those in private and/or manufacturing sectors. The higher education sector is one such example of a service sector facing similar challenges. Tasked by the government in a 1999 initiative to attract an additional 50,000 international students into the UK higher education system (Macleod, 2006), universities are now increasingly accused of relying too heavily upon fees from overseas students (Garner, 2008).

Writers in the area of business strategy, such as Allee (2000) aver that the key to the knowledge economy is in understanding how value is created. Many strategists and practitioners, (Allee, 2000; Macmillan *et al*, 2000; globalvaluechains.org, 2011) conclude that the value chain framework is of fundamental importance in responding to this question. The focus on value added activities inherent in the GVC approach is useful in helping to identify the position of particular firms and regions in relation to other "territorially defined units" (Smith *et al*, 2002: 51), and as such should provide a useful and valid framework for analysing the higher education sector.

In 2005 academics including Coe and Hess set out to develop the idea of global production chains into global production networks in a bid to create a framework that explored both the issues of firms and local institutional structures in relation to regional development more fully (Dicken, 2004; Yeung, 2005). More recently researchers have been focused on methods to site labour and the labour process more dominantly within GPN/GVC analysis (Taylor *et al*, 2013). However even the proponents of the GPN approach acknowledge that the relational elements they claim necessitate inclusion are still frequently underdeveloped in their studies (Coe *et al*, 2008b). It would appear that all these approaches, be it global value chains, global commodity chains, or global production networks, acknowledge the complexity of firms and the multifaceted and diverse nature of the networks that they are embedded in (Rothenberg-Aalami, 2004; Smith *et al*, 2005). They also accept that if the theory of value chain/network is to continue, and to evolve this ever growing catalogue of absent or neglected factors need to be afforded due

consideration (even if at this time pragmatically consideration is little more than acknowledgment). This study recognises the extant limitations of the GVC framework, and notes that in isolation the structure is insufficient to provide a full understanding of economic development.

This chapter along with the two previous literature chapters has raised questions concerning the relationship between the reshaping of knowledge and marketisation in the higher education sector and has instigated an enquiry into the various types of knowledge that have and are being generated in HEIs. These insights will ultimately help inform and augment the specific lines of enquiry that are explored within the empirically based chapters. The dissertation now moves on in order to discuss the major components of the research project and demonstrate how the threads of this study have been woven together.

CHAPTER FIVE

RESEARCH DESIGN AND METHODOLOGY

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5.1 INTRODUCTION

This chapter outlines and discusses the research approach, design and methodology employed in this project. The research sets out to explore the effects of marketisation on the value chains of part of the higher education sector using case study material from a number of English Universities. The following section explores the research philosophy adopted for this study and then reviews the main strategies emanating from the research approach. In so doing it considers the role and appropriateness of qualitative case study research in general. The chapter then proceeds to present a summative conceptual model of the research process undertaken in this study. It explains that the primary role of the secondary data collection and analysis is to contextualise and inform, validate or contest the data extracted from the semi-structured interviews. It discusses the primary data collection methodology in terms of specific issues raised by interviewing 'institutional elites', particularly in terms of access and sampling. The chapter concludes by reviewing the ethical implications and discussing the training and preparation that were undertaken as part of this study.

5.2 RESEARCH PHILOSOPHY AND APPROACH

5.2.1 Research Philosophy

This study, as with most business and management research is probably best positioned within the philosophical realm of realism; somewhere between a positivist and an interpretivist stance (Saunders *et al*, 2009). Realism in general is defined by Phillips (1987: 205) as "the view that entities exist independently of being perceived, or independently of our theories about them," or in other words, it is where research concepts and theories are focused on the importance of their interactions with the real world. Hence, this study is interpretivisit and or subjective in the sense that the deliberate use of semi-structured interviews can be

seen to facilitate an understanding of "the social world through an examination of the interpretation of that world by its participants" (Bryman and Bell, 2007:19). However, the juxtaposition of the conceptual value chain framework used in a material way to explore the external or independent influences upon business models can be seen as more illustrative of a positivist and or objective approach. For some time it has been considered that no single research methodology is better than any other (Benbasat *et al*, 1987), and that a combination of research methods should improve the quality of research (Kaplan and Duchon, 1988). While, there has been much debate on whether the positivist approach is suitable for studies that fall within the remit of social sciences (Hirschheim, 1985), intermediate perspectives such as realism are more readily accepted as they perceive human nature as being both deterministic and voluntaristic. As social scientists it is argued all we can really do is to qualify research findings as contextually explanatory and most likely generalisable, as opposed to insisting upon the concrete certainty of our findings (Gordon, 1991).

This research, therefore has avoided insisting upon the use of a single research method (methodological monism). This decision was not made due to an inability to choose between the alternative approaches, but because of the conviction that if managed carefully the combination of the two philosophical approaches would create a hybrid-realist approach that should allow for a deeper and broader insight into the changes within the post-1992 sector of higher education. Saunders *et al* (2009) among others posit that the adoption of an intermediate philosophical stance makes triangulation more possible, as it permits "the influence of both situational and voluntary factors in accounting for the activities of human beings" (Burrell and Morgan 1979: 6).

5.2.2 Research Approach

Given the hybrid nature of the research philosophy, which underpins this study, the research approach employed is equally bi-modal. Although, there is still some debate over whether methodologies should be mixed (Guba & Lincoln, 1988), increasingly researchers and academics, such as Patton (1988) argue that "different methods are appropriate for different situations" (p. 119) and that "wherever possible, multiple methods should be used" (p. 136). Therefore, it is

argued that inductive and deductive reasoning rather than being mutually exclusive can be complementary data analysis tools.

This study develops an iterative approach and involves both inductive and deductive reasoning processes at different times. Once again the collection of data through the interview process lends itself well to the inductive approach whereby enquiry builds generalisations out of observation, and is more concerned with understanding why things are happening as opposed to what is occurring (Saunders *et al*, 2009). Equally, the testing of the value chain framework can be perceived as deductive, as the starting point for this part of the study is an established hypothesis, which the research goes on to test. This combination of approaches is deliberate and ensures that the researcher not only understands what is happening but has a sense of why it is happening as well (Saunders *et al*, 2009).

The adoption of mixed methods helps to assuage some of the criticisms levelled at more singular approaches, for example the inductive approach is often accused of being essentially descriptive, while the deductive approach is frequently assumed to be too rigid, and as such works to cancel out the 'method effect' (Saunders *et al,* 2009). Mixed methods and or methodologies are increasingly being accredited with adding rigour and credibility in the form of triangulation, complementarity, and expansion to research studies (Cresswell, 1994). In this particular study the semi-structured interviews proved useful in getting to the meaning/perception behind some of the data generated by the documentary analysis, and vice-versa.

5.2.3 A Research Map

Before embarking upon a detailed explanation of the collection and analysis of data that occurred in respect of this study Figure 5.1 sets outs to explain in a visual sense the holistic research process that this study followed. The literature review (Box 1) provided a basic scheme of things to look for which eventually translated into a number of research questions and objectives (Box 2). These directly influenced the study design (Box 3). The diagram is concerned with depicting

Figure 5.1 Conceptualisation of the Research Process
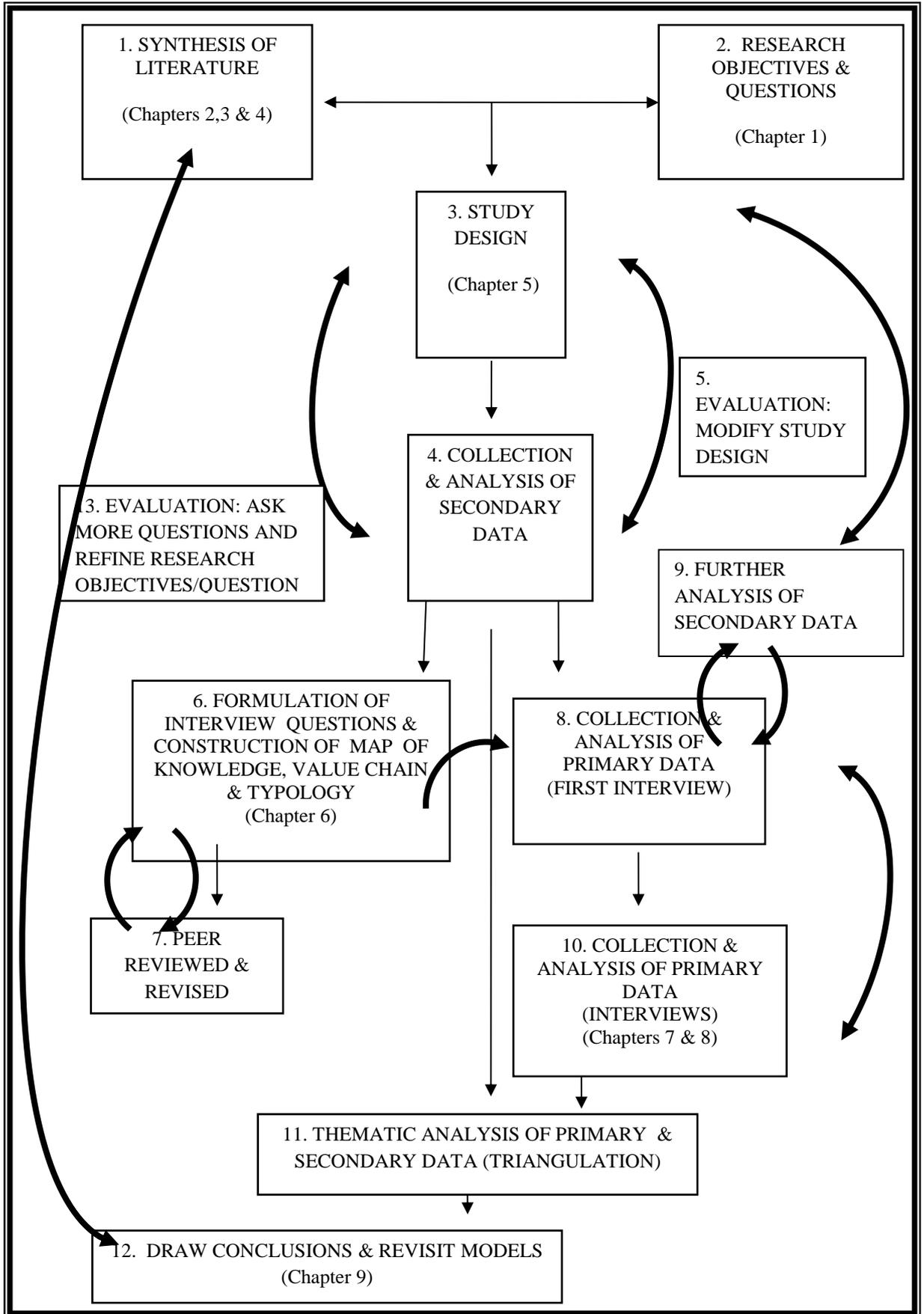
through Boxes 4-13 the "interactive, circular process of data collection, data analysis, and design review" (Lincoln and Guba, 1985, cited by Erlandson *et al*, 1993) that continued throughout the study and, which ensured a continual review of both the secondary and primary data, in respect of the themes arising from the initial literature review and emerging from the data.

5.3 RESEARCH STRATEGY: QUALITATIVE CASE STUDIES

To gather data relevant to the topic of this study, the methodology employed is based on qualitative research methods. Qualitative research involves the utilisation of a more "holistic perspective which preserves the complexities of human behaviour" (Black, 1994:426). Since the 1980's there has been an unprecedented growth in the number of studies utilising qualitative methods. Reason and Rowan (1981) suggest that this is largely due to an increased frustration with the continued domination of the quantitative or scientific approach:

> There is too much measurement going on. Some things, which are numerically precise are not true; and some things which are not numerical are true. Orthodox research produces results, which are statistically significant but humanly insignificant; in human inquiry it is much better to be deeply interesting than accurately boring (Reason and Rowan, 1981: XIV).

The alternative quantitative method is more concerned with 'measurable' behaviours, and given that this research only involves a small-N study (i.e. a relatively small number of case vice-chancellors) it was not deemed to be as relevant (Skocpol, 1979). The sample was also perceived to be too small for questionnaire or survey type data.

It was decided for the purpose of this research therefore to adopt a qualitative, multiple case study approach. Case study research is deemed to be particularly useful for testing whether scientific theories and models actually work in the real world. Case studies are defined as "strategies that involve the empirical investigation of a particular contemporary phenomenon within its real-life context, using multiple sources of evidence" (Saunders *et al,* 2009:473). Hence, the execution of qualitative case studies requires "detailed, in-depth data collection

involving multiple sources of information rich in context" (Creswell, 1998:61). Yin (1984:78) identifies these multiple sources as including:

· Direct observation of activities and phenomena and their environment;

· Indirect observation or measurement of process related phenomena;

· Interviews - structured or unstructured;

· Documentation, such as written, printed or electronic information about the case and its operations; also newspaper cuttings;

· Records and charts about previous use of technology relevant to the case.

The use of multiple sources of evidence ensures that the issues under research are explored from a variety of perspectives and can potentially lead to a greater and more profound understanding of the phenomenon (Merriam, 1998; Yin, 2003), as well as enhancing data credibility. In this sense the multiple sources of data can be likened to a puzzle, with each piece contributing to the overall research picture (Patton, 2002; Yin, 2003). Some researchers suggest that case studies can be instrumental; where they are used simply as a means to an end or in other words used to experience a wider phenomenon in order to attain a more universal comprehension of it. Given the inherent difficulties involved in eliminating bias entirely, case studies are often considered more useful for providing suggestive rather than definitive evidence. Although, in some quarters case studies are regarded as extremely useful for indicating where there are gaps and limitations in current theories (Rowley, 2002).

It was anticipated that substantial insight into the cases under research would be gained by converging the data collected from both documentary analysis and in-depth interviews with twelve 'key informants'. In particular it was the capacity of the case study to extend or to add to current knowledge that was particularly attractive to this research study. The specific form taken by the data which is used to justify the case studies descriptor is explored fully in the following sections detailing the primary and secondary data collection and analysis).

The use of multiple cases here means that comparative data can be gathered by collecting data from sources where similar outcomes are expected, i.e. from

experts employed in the post-1992 sector of higher education (Yin, 2003; Stake, 2006). According to the British Educational Research Association (BERA) it also allows for the formulation of more convincing generalisations from the research findings (BERA, 2009). Beyond this it permits the researcher to explore (more reliably): the rhetoric and substance of value chains and the role of knowledge within them; the differences between 'institutional elites' (vice-chancellors) and their roles as agents of change. The combined data collected from the documentary analysis and the interviews has been used to test (explanatory case studies) theory as opposed to generate new (exploratory case studies) theory (Bassey, 1999). Finally, this research study was deemed particularly suitable for a case study design because it was possible to ring fence the research subjects, or to separate out the cases under review "for research in terms of time, place, or some physical boundaries" (Creswell, 2002:485)

5.4 SECONDARY DATA COLLECTION AND ANALYSIS

This part of the research process is represented in a number of stages on the diagram conceptualising the research process for this study (See Figure 5.1: Boxes 4, 6, 9 and 11). Although they are shown as distinctly separate stages on the diagram in fact the analysis in reality sometimes took place simultaneously or followed a different order dependent upon the state of the research at any given time. Taken as an entity the collection and analysis of the secondary data was the first phase of a more extensive piece of research (i.e. it was used to inform, sustain and validate the subsequent primary research). Firstly, in order to better understand the policy and practice environment within which higher education institutions operate and secondly to profile specific higher education institutions the researcher undertook some documentary analysis, drawing on extant documentation, which included both raw and compiled data (See Appendix 3 for examples of the data that was used initially (1) to profile institutions and later (2) to validate findings from the empirical evidence and (3) to test the applicability of the value chain framework). One of the stated limitations of documentary analysis is that the original purpose of the documents being analysed is always unlikely to match the final objectives of the current research being undertaken (Robson,

2002). In order to overcome this, a decision was made that any documentary analysis conducted would form only part of the wider research study.

Documentary analysis refers to the use of documents as a source of research data, and can be "used to open up an area of inquiry and sensitize researchers to the key issues and problems in that field" (Wellington, 2000:113). Advantages associated with this method of research are (1) it can be conducted at the will of the researcher and without imposing on the time and good will of participants and (2) documents can be frequently revisited to reconfirm both data and understanding (Robson, 2002). It is also noted for its ability to provide comparative and contextual data, which can be used to triangulate research findings or to place them within a more general context (Saunders *et al*, 2009). Documentary analysis is often dismissed as a research tool by social scientists, as it is all too readily associated with research in a historical context. However, in respect of this particular research study, the notion of socio-historical analysis is useful as it allows the researcher to reflect on contemporary issues such as government policy documents, while simultaneously having a sense of their conception, and their purpose (Bloyce, 2004). The main issue concerning the utilisation of documentary analysis is the appropriate selection of materials relating to the research question(s).

According to May (2003) documentary analysis covers a wide variety of sources, including official statistics, photographs, texts and visual data, while Bryman suggests that "documents such as newspapers, books, magazines and government minutes can be read and preserved so that they are available for analysis by the social researcher" (Bryman, 2004:381). For the purpose of this study documentary analysis is considered to incorporate all of these sources. The following table (5.1) details where potential evidence for this particular study was derived from, and at which stage in the study the evidence was utilised and or revisited.

To contextualise the information shown in Table 5.1 the evaluation and analysis of the secondary data consisted of an integrated programme of research, with evidence derived from a wide range of sources including: policy statements and reports from national, governmental and non-governmental bodies, such as the

Table 5.1 A Schedule of Secondary Data Sources

Main Secondary Data Sources	Stage 1. Contextualisation of HE & Formulation of Interview Questions & Models /Profiling of specific HEIs (Figure 5.1: Boxes 4 & 6)	Stage 2. Comparision of initial data/emergent themes from Empirical Data (Figure 5.1: Box 5)	Stage 3. Triangulation of Data from Interviews and Formulation of Findings (Figure 5.1: Boxes 9 & 11)
Government Policy			
2011 HE White Paper			*
2009 BIS Higher Ambitions	*	*	
2006/2006 DTI Knowledge Transfer Partnerships	*	*	
HEFCE			
Website – History, Structure, Strategic Aims and Governance	*		
2009 Annual Conference	*	*	
Reports re HEIF 4		*	*
Allocation of Economic Challenge Investment Fund			
Annual Announcement of Grants		*	*
HESA			
Figures related to Employability and other measures		*	*
Funding Bids		*	*
Funding Allocation		*	*
Other Measurements			
Guardian University League Table	*		*
National Student Survey	*		*
People and Planet Green League Table	*		*
Times Higher Table of Excellence	*		*
Times Higher Student Experience	*		*
Times Higher Table of Excellence (RAE Results 2008)	*		*
Times University League Table	*		*
Specific HEIs			
Websites	*	*	*
Strategic/Corporate and Annual Plans	*	*	
Strategic/Corporate Objectives	*	*	
Prospectuses	*		
Board Meeting Minutes	*		
Figures available publicly relating to research income, commercial Income, research highlights, KTPs,	*	*	*
Promotional/ Learning material	*	*	
Mission Statements	*		
Alumni (material produced for and by)	*		*
Staff Addresses by Senior Management/Vice-Chancellors	*		
Corporate/Business Service brochures and electronic information	*	*	
Annual Reviews from Subsidiary Companies		*	*
Partnership Information	*	*	*
Material relevant to structure, governance and history of institutions	*	*	
Reports by various stakeholder groups i.e. Governors	*		
Sundries			
Information re National/Regional Bio Parks	*	*	
Information re National/Regional Business Incubation Parks	*	*	
Report by CIHE Universities, Business and Knowledge Exchange	*		*
Reports by Local/Regional/National Bodies relating to impact of HEIs specific/general	*		
ONS Data in respect of Higher Education	*	*	
Papers from International Conference of Vice-Chancellors 2006	*	*	
Working Paper Cardiff University Recent Trends in Employment, Education and Labour Market		*	*
CBI			
2009 Report from CBI Higher Education task Force		*	*
Website		*	*
UCU			
2011 Response to White Paper			*
2009 Challenging the Global Market in Education (Conference)	*	*	
2009 Higher Ambitions – The Future of Universities in a KE	*	*	
2008 Challenging the Market in Education	*	*	
Website	*	*	*
UUK			
2010 Role of Private for Profit Providers in delivery of HE in UK	*	*	
2010 Changing Academic Profession UK and Beyond (Conference)	*	*	
2009 From Recession to Recovery	*	*	

Department for Business, Innovation and Skills (BIS), Council for Industry and Higher Education (CIHE), Higher Education Funding Council for England (HEFCE), and the Confederation of British Industry (CBI); participation at a number of University and College Union (UCU) conferences; as well as higher education practice regulations and standards; and a selection of documentation, largely sourced from the internet, including mission and value statements, corporate reports, and strategic plans for individual institutions, that are of relevance to the topic under research. External contextual data was also sourced from the Office of National Statistics (ONS) and government web-based research.

The initial stages of documentary analysis involved trawling through (1) a large selection of publications to build up a picture of the sector (generally) and (2) mainly electronic resources to provide useful information in respect of specific HEI's. Stage 1 also involved participation at a number of conferences that generated valuable knowledge of the sector. Having established an overall picture of the sector and more specific profiles of the case study institutions, selected documentary evidence was revisited and systematically analysed (Bryman, 2001). A variety of sources including web sites and policy documents were thoroughly mined for themes, commonalities and discontinuities, which were then arranged into various groups. These themes were then compared with a number of themes that had emerged from the literature review, and a list of codes and labels emerged that were continually refreshed throughout the duration of the project. These themes were used to inform both the generic schedule of interview questions, and the construction of a knowledge map, a test value chain for the HE sector and a knowledge and value typology (Figure 5.1 Box 6). In order to complement and augment the analysis achieved once this stage of the research was complete, the second strand of the methodological strategy was introduced (i.e. the 'key informant' interviews).

The data and findings collected from this analysis were used to inform and progress the wider research study at various stages throughout its life cycle. This analysis proved especially useful for reconstructing and contextualising the changes that had occurred across the higher education sector (Figure 5.1: Box 6). The collection and analysis of this documentary data offered a further perspective on the research questions (Figure 5.1: Box 5), and the questions used within the

semi-structured interviews (Figure 5.1: Boxes 6 & 9). Later the secondary data was used to triangulate the findings from the empirical evidence collected in the interviews (Figure 5.1: Box 11). An example of the usefulness of this type of analysis is where policy documents, such as mission statements were analysed as part of the documentary evidence and were then discussed with individual vice-chancellors, which enabled the researcher to explore the extent to which these projected visions accorded with reality or were largely serving cosmetic purposes.

5.5 PRIMARY DATA COLLECTION

5.5.1 The Selection of 'Institutional Elite'

The next stage of research consisted of twelve semi-structured interviews carried out during 2009 with ten vice-chancellors (VCs) and two members of senior management from eleven 'new' (post-1992) universities across England. The twelve individuals interviewed were all employed in post-1992 universities in England. Post-1992 universities are institutions, which were created by the Further and Higher Education Act, 1992. Existing research studies have by and large tended to focus on older (pre-1992) universities (Shelley, 2002; 2005). The main aim of these interviews was to reveal issues relating to the transformation of higher education value chains. Of particular interest to this study were matters concerning the manifestation of the knowledge economy in the creation of departments and functions and personnel within the higher education sector and how traditional governance routes were being challenged as commercial functions are ascribed increasing importance over and above traditional academic activities. The interviews were carried out utilising the 'key informant' technique (Marshall, 1996). The use of 'key informants' allowed for a more nuanced understanding of the changes that had taken place across the sector.

The term 'key informant' refers to anyone who can provide detailed information and opinion based on his or her knowledge of a particular issue. Originally used in the field of cultural anthropology the 'key informant' technique is an ethnographic research method, which is increasingly being used in other areas of social science (Marshall, 1996). The approach has been utilised more recently in studies carried

out within higher education, including: firstly a project by the Centre for the Study of Education and Training (CSET), Lancaster University on behalf of the Higher Education Academy (HEA) into the ways in which higher education institutions are using the National Student Survey (NSS) Results Dissemination website to improve the student learning experience (Machell and Saunders, 2007); and secondly a 2010 report into the national programme contributing to health, well-being and sustainable development being considered for implementation within universities (Doris and Doherty, 2010). The principle advantages of interviewing 'key informants' relate (in the area of health and science especially) to the quality of data that can be obtained within a relatively short period of time. It has been suggested that to obtain the same quality information and insight from interviews with other members of a community can be time-consuming and expensive (Marshall, 1996).

The advent of the knowledge economy and marketisation has meant that the role of managers in higher education institutions has become even more vital and there is much ensuing debate over the nature of leadership in academia (Goodall, 2009). Vice-chancellors are considered to be expert sources of information within higher education as not only are they largely responsible for interpreting and translating new policy within the sector, but also they are often key influencers of policy at a national level (Marshall, 1996). Therefore, vice-chancellors were chosen primarily because of their knowledge about specific characteristics of the higher education sector (Sjoberg and Nett, 1968). However, they were also chosen because of the strategic roles they occupy in wider higher education circles, for example participation in bodies such as Higher Education Funding Council for England (HEFCE), and for contributions to Select Committees and other national bodies.

As such these 'natural observers' (Tremblay, 1989 in Burgess, 1989) provide a deep practitioner's insight into the current transformation of the sector, and are able to speculate and make inferences about the future of the sector, providing information not readily available through published sources (Bradburn *et al*, 2004). Respondents were not selected to be representative of the members of the university to which they belonged, but rather because of their knowledge about the issues under research and their ability and willingness to discuss the same (Kumar *et al*, 2010). To reprise in order to answer the questions raised by this

research, vice-chancellors and senior managers were chosen as respondents because of the role they play as 'key informants' within academia. Contemporary evidence suggests that in the context of a rapidly changing external environment the role of the vice-chancellor has changed to one of strategic planner and business manager (O`Meara, and Petzall, 2005). This group of 'key informants' or vice-chancellors will be largely referred to as the 'institutional elite' throughout this dissertation. This latter phrase has been used to capture the significance that the role of leadership agency plays in shaping and directing change within institutional value chains, and is discussed in greater detail in later chapters.

5.5.2 Access Issues

When undertaking research with 'key informants' the size of the sample is considered relatively unimportant as the study is more concerned with what can be discovered from the available resources. In other words, the validity and understanding provided by such research has more to do with data collection and analytical skills than with the size of the sample (Patton, 2002). 'Institutional elites' are by definition a hard to reach group and access to such individuals was not without its challenges. In these circumstances personal contacts and networks proved invaluable.

The initial interview was secured by harnessing social capital within the researcher's supervisory team. Thereafter the technique of snowball sampling was used whereby interviewees were asked to make use of their social networks to recommend (and or introduce) other vice-chancellors who could potentially participate in or contribute to the study. Snowball sampling is frequently used to identify 'hidden populations', or groups that are not easily accessible to researchers (Patton, 2002).

In the first instance each respondent was written to directly by the researcher asking if they would be willing to participate in the study. The letter (See Appendix 4) was deliberately brief but provided the most salient pieces of information, such as the nature of both the request (including the likely duration of interview) and the research. As soon as respondent agreed to the research, more detailed follow up information was provided, including the offer of a preview of the indicative research schedule (if so desired) and a confidentiality disclosure.

This follow-up correspondence was largely conducted electronically and in a large number of instances with various members of the vice-chancellor's support team, depending upon the organisational structure at the given institution.

The respondents could have been selected on a random basis based on a number of institutional metrics: including position of university in league table, amount of funding achieved in/from Research Assessment Exercise (RAE), and a number of qualitative concerns as expressed in mission statements and values. However, the chosen methodology generated a comparable, semi-uniformed sample. This was commensurate, with the decision to interview vice-chancellors from one particular segment of the sector (i.e. post-1992), rather than across a broad spectrum in order to make it easier to facilitate value chain analysis. The contention being that it would be easier to use a semi-uniformed group, who were more likely to have had similar organisational and governance structures (Deem, 2004) prior to the introduction of marketisation and thus similar starting points for the reorganisation of their value chains.

5.5.3 The Interviews

The average duration of each interview was sixty minutes. Each interview was designated a set time (which was only exceeded by the express wishes of the interviewee) in order to avoid any potential uncooperativeness caused by taking up too much of any key individual's time. The overarching focus of these interviews was to establish how and to what extent the changing nature of the sector had influenced individual institutions to adapt their existing structures and processes, in relation to knowledge.

The questions used throughout the interviews were drawn from a generic list of questions and themes developed over time as the research focus evolved, and in particular from the initial analysis of the secondary data (discussed earlier in this chapter), and the literature reviews. However, given the number of interviews and the status of the interviewees it proved vital that the questions were as honed as possible before the initial interview, and as such the proposed questions were subject to peer review (Figure 5.1: Box 7). For a complete schedule of indicative interview questions please see Appendix 5.

The study recognised that in conducting qualitative interviews "the boundary is never as solid as the rationalist might hope" (Miles and Huberman, 1994:27), and as such the personal interaction involved in these interviews needs to be considered when interpreting any responses. The interview questions were deliberately designed to be flexible, so that they could be omitted / added to and the order varied dependent upon the organisational context of the interview and the flow of the conversation. This flexibility also allowed the researcher to *probe* answers where clarification or expansion was felt to be necessary (Saunders *et al*, 2009). In particular the respondents were encouraged to clarify the meanings they attached to certain phenomena, as it helped to produce a fuller and deeper insight into the way that ideas and words were used in various ways across the sector. This meant that not only was a rich and detailed set of data produced, but the researcher was led into areas that had not been previously considered but which helped to inform understanding and reshape research objectives and questions (Figure 5.1: Box 9). This lack of standardisation, used during the semi-structured interviews, has been called into question by some, who doubt the reliability of findings and the ability of subsequent researchers to produce similar data using such methods (Saunders *et al*, 2009). While acknowledging such limitations one of the strengths of this study however is that it reflects the reality or the dynamics of the research at the time it was collected (Marshall and Rossman, 1999).

During the interviews the interviewer attempted to form a rapport with each of the 'institutional elite' by being attentive at all times. This included the use of an electronic recording device, which allowed the interviewer to concentrate on the facial expressions and body language of the respondents as they answered each question, which in turn rendered additional useful information. This method of data collection also allowed the researcher the opportunity to employ a number of observational techniques during the interviews, as well as to use direct quotes later when reporting the empirical data. The interviewer avoided asking leading questions and allowed the interviewees time to elaborate upon their answers. Of the twelve interviews that were undertaken, eleven were carried out face-to-face and one was conducted over the telephone (as requested by the vice-chancellor). Although, this saved some considerable cost both in terms of time and resource, the telephone interview proved to be the least successful and the shortest of all the

interviews as it was extremely difficult to establish personal contact using this media. This meant that the responses to questions were invariably limited and it was difficult to interpret any additional meanings by observing non-verbal behaviours. It also curtailed the overall length of the interview.

Subsequently the researcher transcribed the interviews. Although this was a long process, (Robson [2002] estimates that a one hour recording takes ten hours to transcribe) it was vital for contextualising the research carried out to date and for reminding the researcher of some of the more valid and new ideas raised in the interviews. It also ensured that the researcher continued to revisit the research design and objectives throughout the life cycle of the project and frequently evaluated and modified interim findings. The contents were then subjected to analysis to look for commonalities or trends in responses (Miles and Huberman, 1994).

5.6 PRIMARY DATA ANALYSIS

The field data was collected in 2009 and is based on approximately one hour audio-recorded conversations with each vice-chancellor (or senior manager), following a semi-structured interview guide. The audio-recordings were transcribed verbatim and each 'institutional elite' was offered the opportunity to verify and approve the scripts. Only one respondent took up this offer. After the first interview the script was analysed and the items of information (e.g. statements/paragraphs) were arranged into various groups in a preliminary fashion. This exercise was carried out manually and took the form of notes in the margin of the transcript and highlighted paragraphs and ideas. These groups/statements were then compared to a number of themes (including the 4C's framework) raised during the literature reviews and a number of emergent themes from the analysis of the secondary data to date. This led to a refining of the research design, the schedule of indicative interview questions and the categories used for analysing the (secondary and primary) material.

Following each interview the transcripts were transcribed and analysed using the latest set of themes (See Appendix 9 for an example of an interview script analysed in this fashion. For the purpose of confidentiality all information that could reveal directly or inadvertently the identity of the interviewee or the

institution has been removed and replaced by XXX). This exercise was then repeated on numerous occasions and items were co-assigned across groups (See Appendix 6 for an example of data recorded across a number of themes for a single interview and Appendix 7 for an interim review of combined data across a number of interviews). Ultimately, this resulted in a set of categories or themes based on the empirical evidence and informed by the previous desk research (See Table 5.2). At this stage the decision was made to use thematic analysis to structure the findings of the thesis. The analysis was not only concerned with identifying commonalities in the data, but also with discovering the variety of meanings, attitudes and interpretations found within each theme.

Table 5.2 Thematic Analysis Table: Identified Categories & Themes (Arising from Primary and Secondary Data Analysis)

1	Branding, Marketing & Differentiation
2	Commercialisation
3	Business-Facing/Language of Business
4	Knowledge Economy
5	Changes in Higher Education
6	Change Agents – Vice-Chancellors
7	Private-for-Profit Providers
8	Others

There are a number of well-documented challenges involved in interpreting interview information. These include the problems of: social desirability bias, whereby respondents are keen to present their institutions in the best possible light; and the self-fulfilling prophecy, whereby the interviewer anticipates respondents to act or respond in a certain way and unwittingly causes them to do so (Saunders *et al*, 2009). The interview questions were structured in such a way so as to avoid as far as possible any such bias, and wherever there was any doubt concerning the validity of any answers improvised and or additional questions were asked. The researcher was also very aware of the dangers of drawing

generalised conclusions on the basis of a single atypical response; hence the rationale for adopting a multi-case strategy and for conducting documentary analysis, before formulating any final thoughts and conclusions.

5.7 ETHICAL ISSUES

Ethical approval for this research was received from the University of Hertfordshire (UH) in advance of the commencement of the fieldwork. As this study required the participation of a number of human respondents certain ethical issues had to be addressed. These included gaining the consent of the participants to take part in the study and ensuring the ensuing privacy of the respondents and their respective institutions. In order to secure the consent of the selected participants, the researcher wrote to each of the 'institutional elite' and informed them of the significant details of the study, including its aims and purpose, and the importance of their role in the completion of the research (See Appendix 4). At a later date, the respondents were made aware that they could withdraw from the study at any point, and were offered a preview of the interview questions. In order to encourage an atmosphere of trust and openness participants were promised anonymity, both of individual and institution in respect of their answers. Respondents were also invited to receive a copy of their transcript and a summary of the study findings.

Given the nature of this research it is not possible to provide a complete schedule of individuals, who were interviewed either formally or informally in relation to this study. In order to retain anonymity of both individual and institution any identifying comments have been removed or amended in order to prevent inadvertent detection and individuals have been assigned a unique identifier or pseudonym. These are simply alpha-numeric and take the form of OVC (Office of Vice-Chancellor) 1, OVC 2, OVC 3, OVC 4, OVC 5, OVC 6, OVC 7, OVC 8, OVC 9, OVC 10, OVC 11, OVC 12).

5.8 TRAINING AND PREPARATION

Throughout the duration of the research project a number of complementary training and development programmes were undertaken in order to ensure that the author was competent in the use and application of research methods. Training was also sought to ensure that the researcher was able to produce a substantial body of work "embodying a thesis, presented … in a lucid and scholarly manner and containing material worthy of peer-review publication" (UH, 2010:41). Further training was also undertaken to ensure the author was able to orally present and defend the thesis, and had an "appreciation of the context and significance of the thesis" (UH, 2010:41). For a full list of the training undertaken and courses attended please see Appendix 8.

5.9 SUMMARY

This chapter has presented a detailed account of the research philosophy, strategy and methodology according to which this study was undertaken. The methodology will be revisited in Chapter Nine with a view to it appropriateness. The study now turns to consider a number of interim findings revealed from a combination of secondary data and the literature reviews.

CHAPTER SIX

KNOWLEDGE, VALUE AND
VALUE CHAINS IN HIGHER EDUCATION

CHAPTER SIX

KNOWLEDGE, VALUE AND VALUE CHAINS IN HIGHER EDUCATION

6.1 INTRODUCTION

This chapter brings together the previous three literature chapters on knowledge, marketisation and value chains. Its purpose is to posit a conceptual framework to explore the role of knowledge and the formation of value and its complex determinants and discuss how far this can be encapsulated in a value chain approach. The chapter draws on secondary data (see Table 5.1) to interrogate claims that marketisation is driving different sorts of knowledge within the higher education sector. The intention is to use this objective evidence to both inform the initial primary data collection exercise and later as a comparison with its more subjective findings (Chapter Nine).

The evidence and finding from the primary (Chapters 7 and 8) and secondary (Chapter 6) data have been separated in this dissertation for both logical and practical reasons. However, this enforced separation underplays the continuous and complex interaction that has occurred throughout this research process between the literature, documentary and qualitative data and inductive and deductive reasoning. This chapter is divided into two main parts. The first part deals with the notions of knowledge and value, in the specific context of academia. The second part concentrates on the conceptual framework of value chains and explores its applicability to the higher education sector in a general sense.

6.2 THE VALUE (AND MEASURE OF) KNOWLEDGE IN HIGHER EDUCATION

The chapter on marketisation argued that in the post-war period universities have played a role in contributing to human capital that is central to capitalist competition. Although there have always been links between private capital and universities the chapter argued that marketisation has brought a qualitative change

in the value created by universities – that has its roots in changes in funding and is ideologically driven.

6.2.1 Conceptualising Knowledge

In order to create a deeper understanding of the role of knowledge and economic development (the knowledge economy) as evidenced by both the literature reviews and the secondary data, this chapter argues that it is necessary to conceptualise knowledge and its interaction with the economy. Therefore this chapter has developed a map of knowledge. The intention being to use this map to initiate conversations around the nature of knowledge with agents active within the higher education sector as well as to test its validity.

Using an amalgam of the typologies of knowledge introduced and discussed in Chapter Three (Table 3.1), it is possible to chart the changing nature of knowledge within academia. Using Gibbons *et al* (1994) classification as a specific starting point, the following model (Figure 6.1) has been drawn up to represent a map of knowledge as it is appears (to the author) to be currently conceptualised within the higher education sector. Each of the ovals is designed to capture a particular facet of knowledge. In essence 'Theoretical Research' in the top right hand corner represents Mode 1 type knowledge that more research intensive-institutions are usually associated with. 'Knowledge Creation' and 'Knowledge Utilisation' are more representative of the applied knowledge that Gibbons *et al* (1994) talked of. While 'Knowledge Creation' is more concerned with the application of existing research, 'Knowledge Utilisation' reflects among other things, the growing accountability incumbent upon the research community, which includes the need to publish 'safe research'. The oval in the bottom left hand corner of the page represents knowledge, which has been re-formulated to encompass consultancy, as well as craftsmanship (Thompson, 2004) and artistic intelligence (Moulaert and Gonzalez, 2005). The effect of the bottom axis is to draw attention to the range of knowledge concepts and components, while the vertical axis represents the growth of knowledge consumption within wider society. Many of the assumptions made during the construction of this model have been drawn from policy documentation produced by the Government and other industry bodies, such as UUK, CBI and

UCU (see Table 5.1), as well as being informed by the literature reviewed in Chapters 2- 4.

Figure 6.1 A Map of Knowledge Conceptualised in Higher Education

Society

Theoretical Research

Knowledge Creation via research

Knowledge Utilisation supporting innovation

Consultancy Knowledge application/ exploitation

Industry

Applied   Knowledge   Conceptual
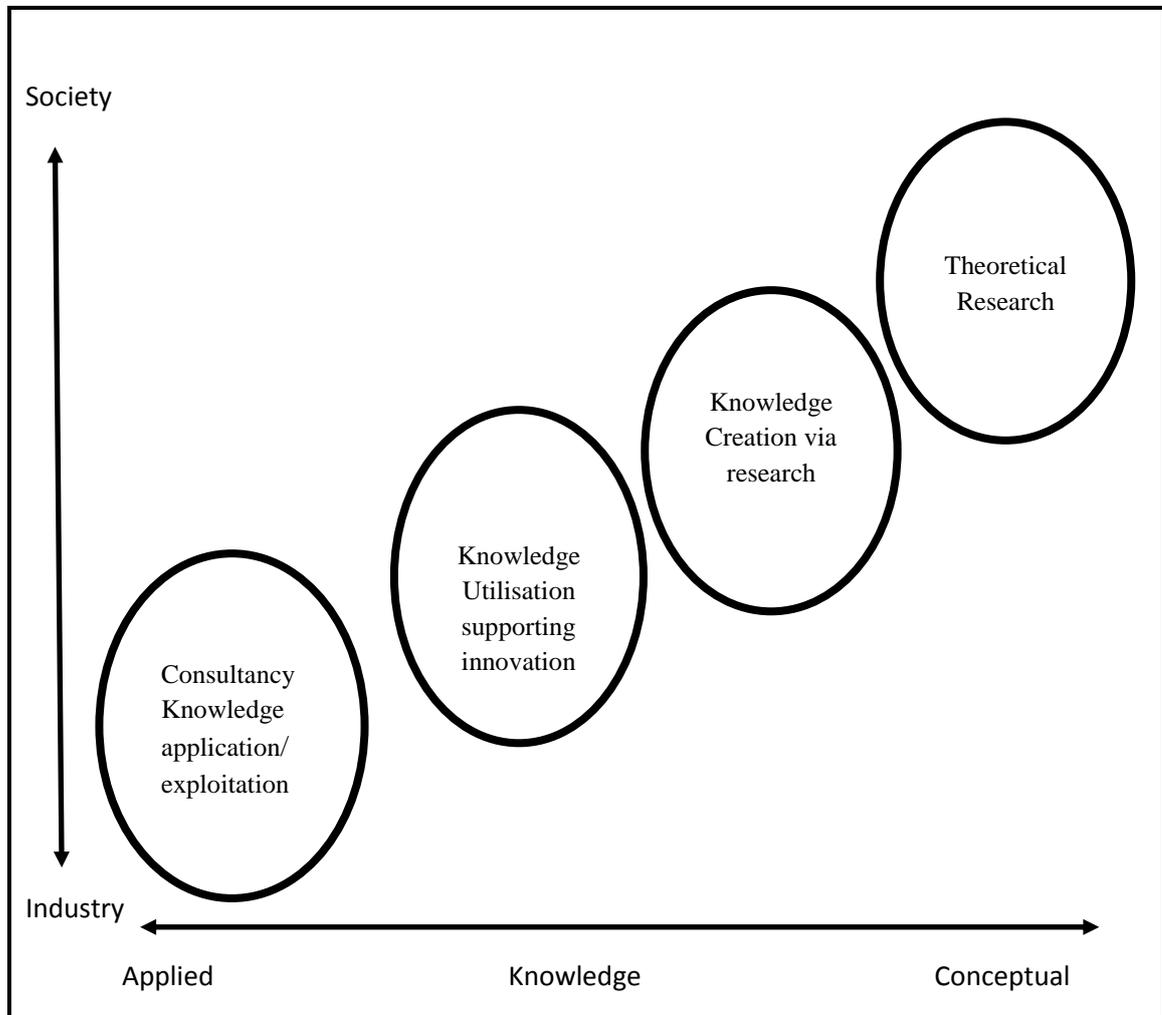
Source: Author (2010)

At this conjuncture the model is deliberately crude. Its purpose is to frame the debate about how Higher Education Institutions (HEIs) have in effect repackaged knowledge in order to create 'marketable' products, and in so doing have begun to reshape their value chains. This model will be used later on to test and validate understanding of the changes that have occurred within the value chains of universities by exploring the treatment of knowledge vis-à-vis the explicit differentiation of purpose and mission by and within institutions during discussions with the 'key informants' or 'institutional elite'. It will also be used to

test the assumption that the research orientation of an institution largely affects its outcomes (or value chain activities).

6.2.2 Fragmenting and Commodifying Knowledge

Having identified these four broad categories of knowledge (see Figure 6.1) this study now seeks to explore in detail the more recent knowledge types ([1 & 2] Applied Knowledge in the forms of Knowledge Creation and Knowledge Utilisation and [3] Consultancy) with specific reference to the secondary data.

Table 6.1 Recurrent Grants and Income Per Selected Institution for academic year 2009-10

Institution	Total Teaching Funding £000s	Teaching as % of Income	Total Recurrent Research Funding £000s	Research as % of Income	Higher Education Innovation Fund £000s	HEIF as % of Income	Total Income £000s
1	31,045,109	94 %	1,038,948	3 %	853,858	3 %	32,937,915
2	43,326,757	93 %	1,734,934	4 %	1,701,721	4 %	46,763,412
3	50,296,548	93 %	2,066,725	4 %	1,661,224	3 %	54,024,497
4	39,456,473	96 %	531,267	1 %	1,249,014	3 %	41,236,754
5	52,717,637	89 %	4,833,848	8 %	1,678,955	3 %	59,230,440
6	67,775,508	93 %	3,853,335	5 %	1,611,382	2 %	73,240,225
7	63,156,484	92 %	4,409,049	6 %	1,427,248	2 %	68,992,781
8	36,519,509	86 %	4,224,993	10 %	1,706,392	4 %	42,450,894
9	67,431,086	91 %	4,978,448	7 %	1,636,019	2 %	74,045,553
10	61,300,914	96 %	1,315,256	2 %	1,353,292	2 %	63,969,462
11	54,358,377	89 %	5,194,184	8 %	1,688,961	3 %	61,241,522
HEI Total	567,384,402	92 %	34,180,987	6 %	16,568,066	3 %	618,133,455

Source: www: hesa.ac.uk/data (2008)

Table 6.1 above shows figures extracted from the profile data (see Appendix 3) collated as part of the initial secondary data collection exercise for this study and details the funds allocated to each of the case study institutions by HEIF, alongside the other sources of funding provided to each institution. These figures relate to the fourth round of HEIF funding, which was designed to develop capacity and to provide incentives for higher education institutions to work with business, public sector bodies and third sector partners with a view to transferring

knowledge and thereby improving products, goods and services (HEFCE, 2008). Generally, within the higher education sector applied knowledge and consultancy can be understood in terms of 'third stream' or 'enterprise activity'. Thus the contention here is that it is possible to explore these new formulations of knowledge by reference to the HEIF funding allocated by HEFCE to specific institutions. By reference to individual institutional data and sector-wide information (HEFCE) in respect of the applications made and grant receipts for these funds (in respect of HEIF4) it is possible to begin to reveal the practical manifestations of the increasing fragmented nature of knowledge.

Table 6.2 captures atypical selection of activities that post-1992 institutions applied for and were given funding for against HEIF4. While this study does not suggest that all or any of these activities are new to HEIs, what it does imply is that these activities were not previously considered as value adding by institutions (largely because HEIs were not concerned with the value of specific activities) and tended to co-exist or form part of more traditional functions of higher education. Presented in this way we can see how functions as diverse as (1) marketing and sales and (2) student projects and placements are considered as opportunities for (indirect or direct) value creation within universities. These activities are mapped for the most part on to the broad value chain model that follows. Both the categorisation of knowledge (Figure 6.1) and its practical manifestations will be returned to in this chapter and later in the discussion and conclusion chapter of this dissertation.

6.2.3 Valuing Knowledge

Within higher education we have already noted the shift whereby things that cannot be measured are no longer considered of value. Neoliberalism is obsessed with measurement and numbers, and this has clearly been transferred to the knowledge economy (Healy, 2007). From the review of the drivers of marketisation in an earlier chapter (Chapter 3) we have seen how the ideologies of competition, accountability, audit and standardisation have become embedded in individual institutions and the sector via the construction of national and international league tables and target setting at institutional and school levels

Table 6.2 Examples of Fragmented Knowledge in Higher Education

Knowledge Utilisation	Knowledge Creation	Consultancy Knowledge
Client Management Strategy	User-led research	Intellectual Property and Contract Services
	Collaborative R & D	
Economic Development via ventures such as Train2Gain and Business Link	Licensing and spin out /spin in activities	Consultancy businesses specialising
	KTPs and KTNs	Development of overseas Franchising into Consultancy
Employer-engagement & professional development programmes	Community-orientated services	
		Enterprise training and development for staff
Maximising use of workspace (business occupancy)	General commercial activity (bids and grant applications)	
		Enterprise training and development for alumni
PR and marketing activities (direct marketing and sales activity)	Business incubation	Management Information System
	Subsidiaries	
		Devolved business units
		Delegate days/short courses and conferences
		Student projects and placements

(Healy, 2007). The dilemma is however that in the higher education context value is more than the transmission of technical knowledge to the students; as the student undertakes an active role in the value they expect from the university service, value is seen to extend beyond the fiscal (Sakthivel and Raju, 2006).

The notion that knowledge can be transformed into economic value is undoubtedly problematic. Earlier in Chapter 4 when we considered the commodification of academic knowledge we noted the objections of the various schools of thought to this hypothesis. One of the main areas of concern surrounds the general lack of an agreed definition of economic value. In its simplest form economic value can be defined as either 'value in use' or 'value in exchange', where value is linked to price through the mechanism of exchange (Smith, 1776). While the Labour Theory of Value (Marx, 1867) recognises that the exchange value of goods and services, includes labour, it does not consider price and value to be equal. In fact Marx conceived value to be an expression of social relations, which emerged only with commodity production. Other theories suggest that value cannot be measured without taking subjective value judgements into account (von Mises and Greaves, 1949) and or needs to be measured from a moral point of view (Ruskin, 1860).

The field of research on value in higher education is relatively sparse. Existing studies tend to concentrate in two areas; whereby (1) students are treated in much the same way as any other service customers (Krehbiel, *et al*, 1997; Chung and McLarney, 2000; Lawrence and Sharma, 2002; Sánchez-Fernández *et al*, 2010) and (2) value is considered as a deliverable from lecturers to students. Thus such research tends to focus heavily on the satisfaction of students with the service they receive (Hill *et al*, 2003; Marzo-Navarro *et al,* 2005; Sakthivel and Raju, 2006). Sakthivel and Raju (2006: 24) state that "as quality is more difficult to measure in education, and student evaluation of lecturers and instruction is a source of input data (Helms, *et al*, 2001), higher education designates the student as the element in the best position to evaluate the teaching received by measuring the levels of satisfaction" (Marzo-Navarro *et al,* 2005).

Carchedi (2005) offers a Marxist perspective on knowledge production in education and considers it as a separate and special case from other material or mental commodities. He refers to it as open-ended knowledge. He suggests that the object of mental labour (the pupil's labour power) and the means of mental production (the teacher's knowledge, building and books) are transformed in the pupils' different labour power. The value of the pupil's labour power is increased by the amount of constant capital (buildings, books) plus the variable capital (the teacher's labour power), plus the surplus value (the surplus labour provided by the teacher). Carchedi also contends that mental labourers (MEL) do not necessarily produce more value than labourers who engage in material labour (MEN). It all depends upon the value of their labour power.

More recently those interested in the area of services have started to develop the idea of the joint creation of value or 'value co-creation', which they argue is distinct from the traditional value delivery approach (Vargo and Lusch, 2008). Proponents contend that individual organisations no longer provide value; however they undertake active roles in a joint process with their customers in order to produce the expected value. In this process resources (such as shared knowledge and information) can be integrated to determine the final outcome (Barile and Polese, 2010).

Before attempting to apply the framework of value chain to a section of higher education it is important to establish how the term value will be defined and measured within this study. Having noted the wider concerns over the inherent definition of value, there are also contextual difficulties involved in measuring the value of higher education. Given the (quasi-) public service nature of higher education there are implicit complications when measuring outputs and distinguishing between institutional outputs (i.e. revenue generation) and the governments' wider desired outcomes (i.e. widening participation). However, HEIs are not unique in producing non-market outputs and there are recognised ways of imputing a value to non-market outputs (World Bank, UK Treasury Green book) These include identifying parallel markets (free market equivalents) and using metrics such as: (1) contingent valuation – willingness to pay; (2) hedonic pricing – willingness to accept and (3) Travel or time costs.

In order to concentrate on the mechanics of the framework and to permit the 'measurement' of outcomes, a simple view of economic value has been employed. 'Economic value' will be viewed as either being 'intrinsic' or as 'exchange value'. In this way higher education can be seen to encompass both knowledge and intangible value exchange but while it is possible to measure the revenues generated by knowledge and direct value exchange it is very difficult to account for any intangible exchange of value. It will allow, however, for the consideration of elements of both Financial value (actual revenues received for HEI outputs) and Social Value (consideration of social weights to economic value) as well as accounting for the range of actors that higher education has to offer value to, such as students, scientists and academics, as well as broader society and industry.

6.3   VALUE CHAINS: EXPLORING THE RELEVANCE FOR HIGHER EDUCATION

The second part of this chapter aims to consider in general terms the application of the value chain framework to the higher education sector. Ultimately this study seeks to establish whether the conceptual reach of value chain analysis extends as far as the (quasi-) public / service sector and can be applied to the higher education sector in particular. This research intends to use the conceptual framework of value chains, despite remaining cognisant of the fact that given the effort that has been taken to analyse it in detail and describe it in functional terms, the concept is still considered to be difficult to operationalise (Huws *et al*, 2009).

6.4   TOWARDS A BROAD VALUE CHAIN FOR HIGHER EDUCATION

It has been suggested that there are significant differences in the activities of pre-1992 and post-1992 universities in England. The distinction being that pre-1992 universities tend to be more research-intensive and concerned with attracting renowned researchers, while post-1992 institutions are more likely to be teaching-led and to be interested in attracting international students (Toyoshima, 2007).

This supposed division is subject to debate, which is outside the remit of this study, but for the purpose of this research however, all models are based on the post-1992 sector. Although the study readily acknowledges the diversity that exists within this group of institutions for simplicity a broad model has been developed.

Given that there is no mechanistic way of applying value chain methodology, the starting point for any analysis has to be a simplified value chain for the sector (Kaplinsky and Morris, 2001). Figure 6.2 shows a broadly defined value chain for the post-1992 sector of higher education, based upon information gathered from the theoretical and conceptual literature chapters contained within this thesis, and data collected and analysed to date from a number of secondary sources. (There are, of course, exceptions, to this model). The intention is to use this straw man model as a basis against which to test the theory and rhetoric of both the conceptual value chain framework and the changing nature of the higher education sector, with the realities of change in the sector as evidenced by a number of key witnesses, later in this study.

At this stage figure 6.2's value is largely descriptive, but its design immediately reveals one of the biggest problems connected with the value chain framework and that is its tendency towards being overtly productionist (i.e. its focus on capturing the sequential production process from inputs to outputs for the good / firm under review). This is difficult to replicate (in a linear) fashion for most services, but for higher education even more so. For the purpose of this model the activities of teaching, research, consultancy and other educational services that the university provides are regarded as outputs (Flegg and Allen, 2007). There are a number of factors that are explicit within the model. It demonstrates the marked diversification in the core functions of the university to include enterprise activities (which are referred to as anything but teaching and research), as well as clear fragmentation in the traditional functions of research and teaching. By considering the fragmentation within teaching further the model demonstrates the emergence of a number of higher education markets (domestic and international as well as distance learning and franchises). This information is readily gleaned from the home web page of almost any higher education institution, and from documentation produced by HEFCE.

The further fragmentation of the core services into knowledge areas such as R&D (Research and Development) and KTPs (Knowledge Transfer Partnerships) emphasises the increased marketisation of universities. Implicit within this fragmentation into these knowledge areas is the changing nature and form of knowledge (Onsman, 2008). The model demonstrates how universities have chosen to repackage knowledge and skills to create departments focused on selling the institution's expertise directly to industry and business. These manifestations include the more traditional areas such as R&D (where universities seek to discover technologies and products); as well as newer activities, such as T&D (training and development), where universities seek to sell their more vocational type skills; KTPs where knowledge is diffused on a collaborative basis; Consultancy whereby universities offer their specialist knowledge and experience for sale, and Expertise which includes such diverse areas as translation and interpretation services and selling knowledge in environmental sustainability issues. This information has been obtained mainly from the research and commercial areas of institutional websites as well as evidence provided by policy documentation.

The base of the model, which deals largely with historically non-core functions, demonstrates the process of *functional upgrading* (i.e. the increased significance of certain functions for example marketing), which has changed the mix of activities within and between links. Historically members of the academic community carried out marketing and finance activities. However, since the mid to late nineties the tendency has been to appoint professionals with extensive financial experience, from outside the sector (Guthrie and Neumann, 2007), and these activities have increasingly become standalone professional Strategic Business Units (SBUs). Hence the diagram highlights the promotion of formal strategic management and business-planning processes, such as cost control, revenue generation and key economic and accounting performance indicator based management (Guthrie and Neumann, 2007), via the evolution of these SBUs. The model also shows the increased focus on commercialism within the university, and more especially in the area of support services, whereby non-(economic) value adding functions, such as hospitality have been outsourced,
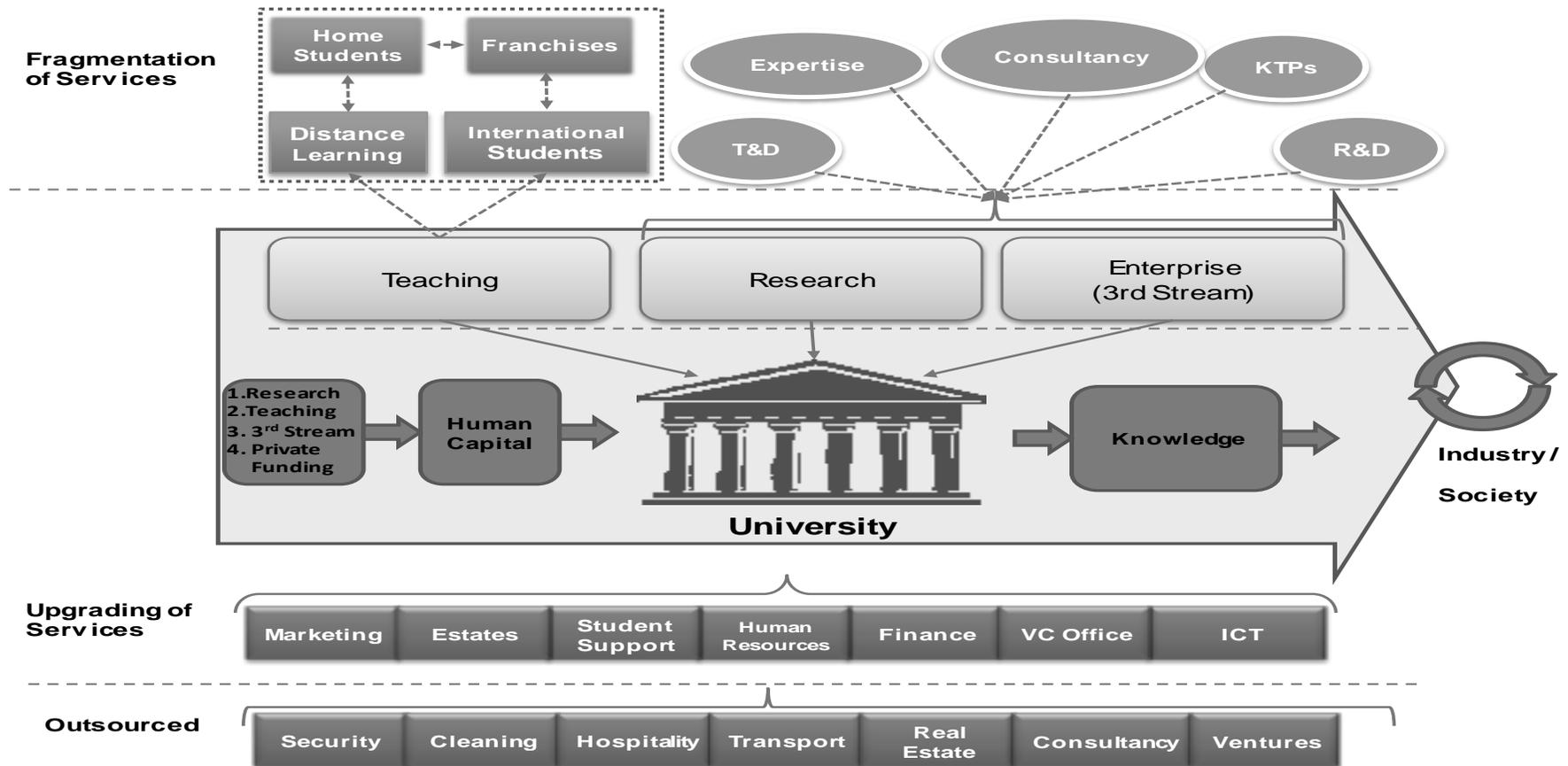
Figure 6.2 A Broad Value Chain for Post-1992 HEI's

while wholly owned subsidiaries have been created out of some of the more profitable activities, such as consultancy. This, largely structural, information has been sourced from institutional websites and in particular from promotional and strategic material and information, which is freely available to all.

The value chain begins to reveal how, in practical terms, universities have been re-designed using a market and performance-based framework (via the creation of a number of SBUs), and also how students have become consumers and academic labour recast as commodities (Lawrence and Sharma, 2002) via the fragmentation of core markets and the creation of enterprise activities. While globalisation has undoubtedly increased domestic as well as international competition in the higher education sector (Brown *et al*, 2003), the most significant changes taking place are occurring within the higher education institutions themselves. From the changes that have taken place it is obvious that the focus of the senior management within institutions is on finding alternative ways to generate revenue, such as teaching programme fees, research grants, contract consultancy and commercialisation of intellectual capital (Guthrie and Neumann, 2007). This is borne out in many of the institutional websites and various policy documents (see Table 5.1).

'Marketisation' has forced universities to review how they are structured and how they operate and to adopt more formal strategic management and business planning processes. Activities that were traditionally carried out by academic members of staff are now much more likely to be carried out by professional or non-academic staff members (Guthrie and Neumann, 2007). Frequently, new organisational structures are formed by merging small departments to form larger schools or by establishing entrepreneurial interdisciplinary research centres (Deem, 2004). By exploring the areas of fragmentation and functional upgrading in detail it is possible to trace the increased emphasis, both within and outside academia, on measured outputs, and to map changes in organisational value chains directly with performance indicators. Again, these changes are evidenced by a number of sources referred to in Table 5.1.

Institutions are using diverse strategies to combat increased competition in the market. A number of new jobs have been created for specialists in order to differentiate themselves from their competitors, which often entails spending large sums to attract well paid administrators in areas such as facilities and marketing (Davies, 2005).

Previously lecturers with spare capacity would have undertaken such jobs. Further, increased resources are dedicated to advertising and brand management in a bid to 'sell' the idea of studying for a degree. Estimates in 2006, for example concluded that individual universities were spending up to £240,000 a year simply on prospectus and related mailing costs (Tysome, 2006).

6.5 A TYPOLOGY OF KNOWLEDGE GENERATION AND VALUE IN UNIVERSITIES

It is possible to begin to link the information on the conceptualisation of knowledge (Figure 6.1), and the examples of fragmented knowledge (Table 6.1 and Figure 6.2) with the notion of value within a typology, to help explore the trajectory of marketisation and its influence on the higher education sector. Table 6.3 documents the new forms of knowledge in higher education with their practical manifestations, but beyond this the intention is to explore the difficult relationship with the notion of value (in the context of the value chain framework) and knowledge within higher education. The two columns (beneficiaries and value) have been deliberately left blank at this stage. The typology will be returned to in the discussion and conclusion chapter when the relationship between knowledge and value will be explored in depth, following the final analysis of both primary and secondary data.

6.6   CONCLUSION

This chapter has set out to visualise and document how knowledge is increasingly being transformed into practical materialisations or product(s), with an economic value specifically within higher education (Bosetti and Walker, 2009). In starting to explore the nature of knowledge and the conceptual framework of value chains there was a suggestion of an explicit link between the research orientation of a university and how it had chosen to shape its value chain. In other words dependent upon where the institution might be located within the value chain of more traditional type of knowledge or Mode 1 type knowledge could help explain the variations in

TABLE 6.3 A TYPOLOGY OF KNOWLEDGE GENERATION AND VALUE IN UNIVERSITIES

Broad Activity	Type of Knowledge (Figure 6.1)	Practical Manifestations (Table 6.2 & Figure 6.2)	Beneficiaries	Value Created
Teaching	**Knowledge Utilisation** (supporting innovation)	Home Students International Students Franchisees Distance Learning		
Research	**Theoretical Research** **Knowledge Creation** (via Research) **Knowledge Utilisation** (supporting innovation) **Consultancy Knowledge** (application/exploitation)	R&D (collaborative and user-led) Expertise (Consultancy)		
Enterprise	**Consultancy Knowledge** (application/exploitation) **Knowledge Utilisation** (supporting innovation) **Knowledge Creation** (via research)	Intellectual Property and Contract Services Training & Development Business Incubation KTPs/ KTNs Licensing and spin-out /spin-in activities General commercial activity (bids and grant applications) Subsidiaries Delegate days/short courses and conferences Student projects and placements		
Support Functions	**Consultancy Knowledge** (application /exploitation) **Knowledge Utilisation** (supporting innovation)	HRM Marketing (direct marketing and sales) Public Relations Finance Outsourcing		

the value chains of institutions. Logic predicts that institutions will play to their strengths and develop core activities out of the areas in which they excel. This underpins the need to continue the process of unpacking knowledge within higher education in order to fully comprehend the reshaping of value chains within the sector.

In closing, this chapter has set out to combine interim findings from the secondary data (analysed to date) with the literature reviewed to develop (1) a conceptual model of knowledge a (2) broad value chain for the post-1992 HE sector and (3) a typology of knowledge and value generated by universities. The intention is twofold. Firstly, the knowledge map (as a part of the wider research approach) will be used to open up debates with sector 'insiders' to test its 'robustness' (Chapters 7 and 8). Secondly following the analysis of the empirical data (collected during the semi-structured interviews) the knowledge map, value chain and typology will be revisited to generate the overall findings and conclusions for this study (Chapter 9).

The following chapters are dedicated to reporting the qualitative data collected as part of this project. They document the detailed information and expert opinions of a number of vice-chancellors across the main thematic areas explored to date in this study.

CHAPTER SEVEN

VICE-CHANCELLORS' PERSPECTIVES I: THE KNOWLEDGE ECONOMY, MARKETISATION AND AGENCY

CHAPTER SEVEN

VICE-CHANCELLORS' PERSPECTIVES I: THE KNOWLEDGE ECONOMY, MARKETISATION AND AGENCY

7.1 INTRODUCTION

This is the first of two chapters, which directly reports the interview data. The aim of these chapters is to present the facts from the empirical evidence. Chapters Seven and Eight recount the spoken words and perceptions, across a variety of themes, of members of the 'institutional elite' or ten vice-chancellors and two senior managers (OVCs) employed within the post-1992 section of the higher education sector. (For an explanation of how these themes were derived please refer to Chapter Five, section 5.6) The themes within this chapter include: firstly the vice-chancellors' understanding of the knowledge economy (Table 5.2 Item 4). In particular, how they perceive the changing nature and function of knowledge and the implications of these new knowledge functions and activities for the value chain of their institution(s). Secondly, the vice-chancellors' perceptions of marketisation are reported through the lens of commodification, commercialisation, competition and corporatisation (See Table 5.2 Items 2, 3 and 7). The chapter also seeks to identify how these aspects of marketisation have been embedded within institution(s). Thirdly, the chapter investigates the strategic influence of these 'key informants' on the re-organisation of the sector's value chains (See Table 5.2 Item 6).

7.2 THE KNOWLEDGE ECONOMY

The notion of the knowledge economy was not referred to explicitly by any of the respondents, other than when directly prompted by the interviewer. Although throughout the interviews there was an implicit, but unanimous acknowledgment of the existence of such an economy and of the role that higher education institutions, or "the coal mines of the twenty first century," were expected to perform within it.

> There is a lot of evidence to show we play a very significant role … the
> Mandelson report has just re-emphasised that … (OVC 9).

The 'fuzziness' of the concept and the difficulties with its definition were mirrored by all informants who grappled with the intangible nature of the knowledge economy:

> Are you going to attempt a definition of the knowledge economy? ... Tricky
> isn't it? You can bandy lots of nice little words about it ... (OVC 10).

Descriptions of the notion tended to vary between 'institutional elites'. While one respondent was keen to emphasise the significance and intangibility of knowledge and its generation:

> It's the kind of invisible stuff that you root back to, it's not stuff you can kick,
> its stuff that you manufacture through knowledge and the generation of
> knowledge, through intellectual property, through knowing how to do things
> better or inventing how to do things better (OVC 9).

Another was eager to highlight the importance of commercialisation and the notion that to be of value knowledge and research needed to have a commercial application:

> The knowledge economy … recognises the value of intellectual constructs,
> sees the economic value of intellectual constructs and the role that knowledge
> plays in creating new products ... I Pod, the I Phone (OVC 11).

At least two vice-chancellors implied a more constricted role for institutions within the knowledge economy, which signalled an underlying tension within the sector over the nature of the new economy and the subsequent role of higher education institutions within it. Both definitions centred on the university's role as an educator and ignored the view of the role of the institution itself as a propagator of knowledge and knowledge transfer to industry and business:

> Universities have got a clear role to play in what's described as the knowledge
> economy in the sense that they produce graduates (OVC 11).

One vice-chancellor pointed to the ambiguous nature of the knowledge economy, and the notion that the UK economy is "not about heavy manufacturing anymore" but reliant upon high tech service industries:

> If you look at manufacturing … , look at steel production, that is part of the knowledge economy because you have to be a computer operator to run a steel mill, you can't do it, it no longer works without technology (OVC 11).

While another respondent highlighted a gap between the rhetoric of the government's vision of the knowledge economy and the reality of the role that universities could carry out within such an economy.

> To me it just doesn't add up. I mean there is clearly a relationship between the knowledge produced by the universities … the biggest contribution to the knowledge economy was graduates being produced full stop, once you go down and look at spin-out companies and all that it's just trivial (OVC 11).

While in the main vice-chancellors were more closed on the subject, at least two openly supported the government's vision of a knowledge-based economy:

> The only chance we've got of succeeding is by focusing on knowledge–led industries, leading–edge technology, being ahead of the game, which means we have to have two things, we've got to have world-leading research and we have to have the skills to actually take that research and put it into place (OVC 12).

The same vice-chancellors were also fundamentally committed to the idea that universities were best placed to 'drive through' the vision of a knowledge-based economy:

> But we will only succeed as an economy if the universities drive it in terms of providing skilled people and the knowledge (OVC 12).

There was a general acceptance, that if the elusive knowledge economy was to be achieved, a great deal of change both within the sector and across wider society was necessary. There was a perception that both industry and the general public were still largely ignorant of the range and scope of services that universities were capable of providing, and were equally unfamiliar with the process for accessing such knowledge and expertise from universities.

> You quite often get the point that businesses don't know how to access university knowledge (OVC 9).

In a number of institutions respondents felt that English universities underperformed in the area of knowledge transfer, particularly in comparison with counterpart institutions in the USA.

> Well- comparing America and ourselves and I think the real difference in the States is that graduates who leave the university and go and work in industry they feel much more confident about going back and asking questions of people in university which they can then translate into their working environment (OVC 9).

One respondent, who had personal experience of the American higher education market, elaborated this contention in particular:

> So … give the University of California five million a year to buy their knowledge, to work with them, to have a hand-in-glove approach, to say what can you bring to my party, these are the things we are working on (OVC 8).

Further anecdotal evidence by the same vice-chancellor suggested that the UK had some way to go before the higher education sector was at the stage whereby knowledge was traded in a similar fashion:

> But the MIT approach is, here is all the knowledge who wants to buy it? So they have two conferences a year you go along. Three hundred businesses around the world and you go to MIT and they have twenty-eight people that work on this and you go there and get a presentation on say, red light. Here's red light, red light does this, next red light is ….actually they use this type of red light so you can see inside the abdomen, now anyone … Oh yeah I'll have some of that, so some Phillips guy has that … (OVC 8).

There was only one respondent who chose to suggest that there was any contradiction implicit in recent government policies designed to cut spending in the very area that they felt would save the economy (i.e. higher education):

> In an increasingly competitive world, you are not hearing people in China and India saying we need to cut back on our investment in higher education and they will be major competitors in the future, so we really do need to ask

ourselves if we are picking out education and higher education in particular, why? (OVC 5).

Although, two vice-chancellors did express some concerns, firstly over the ephemeral nature of the supposed knowledge economy:

> So yes we are knowledge economy institutions and vulnerable because our society realises that the knowledge economy hasn't been what's driving the economy over the last fifteen years … (OVC 11).

and secondly over the indiscernible contributions of the higher education sector to such an economy:

> One of the big questions for me was, how was it that universities which patently weren't making money out of their investment in the knowledge economy were generating an economy which appeared to be booming but which actually was booming because it was fuelled by debt rather than by knowledge (OVC 11).

7.2.1 Conceptualising Knowledge in Academia

It became apparent during the interviews that knowledge was perceived in its broadest sense and that the notion of knowledge had and was being deliberately transformed into practical materialisations or products for commercial reasons:

> So there's quite a lot of activity around support of commercialisation and intellectual property… we've moved on (OVC 9).

For the less research-focused institutions the impetus for the commercialisation of knowledge concentrated on teaching and its related aspects. This was demonstrated in initiatives such as the outsourcing of student feedback questionnaires to ensure that such opinions were being dealt with professionally:

> In fact we have replaced internally generated institutional satisfaction questionnaires with feedback campaigns, which we have outsourced to an independent company, which actually come and tell us what our students think (OVC 3).

There was obvious support for the knowledge distinction proposed by Gibbons *et al*, (1994) for Mode 1 (blue sky thinking) and Mode 2 (applied research) type knowledge.

> There is you know block busting, changing the world stuff ... our stuff doesn't change the world (OVC 9).

One interviewee suggested that all institutions were actually engaged in applied research it was just the timing of the research relevance that differed:

> The key thrust of what we do in terms of research is not necessarily applied research but relevant to today's needs. So if we do have a spin out it may be actually selling stuff straight away where as Oxford's done spin outs and they don't sell anything for you know two to three years … (OVC 10).

Respondents also acknowledged the existence of knowledge in the form of knowledge creation and knowledge utilisation as suggested by the model (Figure 6.1) in Chapter Six. One informant suggested that CPD (Continuing Professional Development) was another area that was often overlooked in various knowledge typologies. Those interviewed were unhappy with the theoretical separation (and physical in case of the proposed knowledge map) of the various notions of knowledge and contended that it was difficult and inaccurate to represent the process in this way. This was underpinned by a suggestion that there was a wider misunderstanding of the multifaceted nature of research and knowledge and its generation both within and outside of the sector:

> I'd like to see you link the chains up a little bit. There is overlap in them. Some people think you can take blue-sky research….and just separate it off and give it to a few universities and then ask the rest of us to apply that research and that doesn't work. What can work of course is to have a chain where you have variation in emphasis … it is true that some blue sky researchers are awful at applying their research, sometimes they are so arrogant they don't want to know about industrial application and sometimes they are so unworldly that they aren't prepared to make the compromises to make it operate in the real world (OVC 5).

The majority of informants posited that it was impossible to separate the various methods of knowledge generation given the overlap in the process between individuals and institutions:

> And I think if you would look to any institutions they would all cross over
> (OVC 6).

There was a distinction drawn between the majority of informants who felt that within the post-92 sector institutions were much more likely to be engaged with the application of research (Mode 2) type knowledge as opposed to the more theoretical type research (Mode 1).

> But for a university like mine … theoretical research for its own sake we have
> very little of that (OVC 12).

A much smaller group of respondent suggested that their institutions were involved in both theoretical and applied type research: "we do all of them" (OVC 4) and "yes I think we cover all four blobs" (OVC 11). Although, even within this group there was an acceptance that the emphasis was more likely to be on applied research:

> We touch on or to a variable extent we touch on each of them. We don't do a
> huge amount of theoretical research (OVC 7).

One theme that tended to unite the key informants was the perception that post-1992 universities, as an entity, had always been engaged with the ideology of applied research or Mode 2 type knowledge (Gibbons *et al*, 1994):

> So if we get very parochial I can argue that institutions like this have always
> been you know involved in the knowledge economy and the transfer of
> knowledge and knowledge partnerships into businesses helping businesses and
> so forth (OVC 8).

There was a perception that more traditional type universities were less concerned with transferring knowledge across industry and wider society:

> and I could argue that some of the great ancient universities have not been
> concerned with the knowledge economy … (OVC 8).

While government ministers, who had accused all universities of having failed to engage with business in the past, often misunderstood post-1992 universities:

> We give you all this money and you are not delivering into the world of work,
> the world of innovation, the world of knowledge transfer partnerships, you are
> not doing it … (OVC 8).

7.3 ASPECTS OF MARKETISATION

The fact that universities are seen to be essential to the knowledge economy, and yet they are threatened by underfunding (Sargeant, 2001) has forced institutions to review their governance practices and institutional processes in a bid to find alternative sources of funding. Contemporary research into the higher education sector has suggested that the adoption of the market model has meant that universities are becoming increasingly driven by consumers (Ruch, 2001), and operated along business-lines (Garber, 1996). Marketisation as a process is perceived to be complex and multifaceted and across the higher education sector is expressed in a number of different ways. According to Wedlin (2008) marketisation *per se* cannot ever be simply a shift in rhetoric or terminology, and so this section of the chapter sets out to uncover the extent to which the case study institutions have subsumed both market ideologies and practices. In the sections that follow the responses of the OVCs are grouped under four elements: commercialisation, corporatisation, commodification and competition that reflect the characteristics of marketisation (established in Chapter Three).

7.3.1   Commercialisation: 'business-facing'

Over the past two decades universities have been supplementing their original mission as educators with notions, driven by successive governments, such as 'business-facing' and 'employer engagement'. Institutions have been 'tasked' with finding ways to become more closely engaged with industry and business and of working to better meet the demands of the public in general. This section seeks to draw out examples of both actual and rhetorical initiatives and to explore how the concepts have been understood and utilised in the post-1992 institutions under review.

All the respondents were familiar, or at least expressed familiarity, with the terminology of the 'business-facing' university, and the government policy underpinning it. Outside of the sector the 'institutional elite' were concerned that the phrase 'business-facing' was misunderstood:

> Most people in business will have no clue and the public in general … business –facing doesn't mean anything at all to most of the population (OVC 10).

Once again there was a suggestion that some HEI's had been engaged with the 'business–facing' agenda long before the government took up the mantle. In fact all of the 'institutional elite' claimed that their particular institution prepared students for work, and posited that such was the nature of the particular segment of the higher education sector that they were in (i.e. ex- polytechnics) that they had in fact always done so.

> So this institution started in 1843 and the lifeblood of it has always been an understanding of the market place and a training ground for producing highly intelligent people who have got a set of skills that people want to buy (OVC 8).

There was no such consensus over the definition of a 'business-facing' university.

> So I think it is clarity around commercialisation … and the importance of meeting the needs of business in a much, I guess much more satisfactory way for our clients … (OVC 7).

In one instance one of the respondents suggested there was a difference between professionalism and commercialism, and that what had occurred in the sector to date was in fact an increased professionalism.

> And I would say it has become more professional rather than commercial. I would still say that we are not very commercial in the way that we work (OVC 11).

One informant suggested that rather than a rhetorical debate over whether universities were 'business-facing' or not, the real dividing issue was whether institutions were driven by a desire to satisfy their customers or preferred to concentrate on optimising the supply and demand of their commodities.

> Universities are divided into two groups: those who are student-led and those who are product-led … and that's true of most businesses (OVC 5).

'Business-facing' was either perceived by the 'institutional elite' to be a 'catch-all' phrase that promoted all aspects of their business, including the public, private and voluntary sectors, or was regarded as a restrictive label by those vice-chancellors keen to promote their institution as 'comprehensive' and serving the needs of society as well as business. Throughout the interviews it was clear that the 'business-facing' and

'employer-engagement' agenda had influenced all of those interviewed. It was evident that the institutions had chosen outwardly at least to react to the government's agenda around 'business-facing' in different ways. This differentiation could be accounted for by a number of factors, not least the lack of clarity around an accepted definition of the term 'business-facing'. With respondents acknowledging that:

> There are very different kinds of business-facing universities (OVC 12).

A number of those interviewed had unequivocally adopted the phrase 'business-facing' and closely aligned their institutions to it. With one vice-chancellor admitting that:

> "We used it as a distinct, deliberate policy … to differentiate ourselves (OVC1).

In general these 'institutional elite' felt that 'business-facing' was an inclusive label that could incorporate the voluntary sector, the corporate sector and the public sector:

> "We're business-facing in attitude … be it public sector, private sector, charity sector, doesn't matter (OVC 1).

Three of the vice-chancellors' interviewed were more than keen to fully commit their institutions to the government's vision of a 'business-facing' university and to emulate business in any way possible:

> We try to do what companies want, we try to do it the way they want it, when they want it … (OVC 12).

This raised issues about the balance between teaching and more commercial type activities in these institutions. It was also unclear from these interviews how this culture had been or was being embedded in these organisations. The implicit suggestion was that all academics were being forced to adopt commercial attitudes and practices in these universities:

> If you can't show your teaching is related to the business-facing agenda, then you know, the question is whether you are in the right place (OVC 7).

The majority of the 'institutional elite' were more cautious and expressed concern over publically declaring that their "number one priority is serving the needs of business" (OVC 12).

> We see ourselves as not only interfacing with business, but also with the community, not only with the business sector but with the public sector (OVC 5).

They did affirm their commitment to the 'business-facing' ideology, but felt that it was only one element of the work that they undertook.

> We do think business-facing is important but it's not all of what we are going to do (OVC 7).

This group were more candid in their acknowledgment that their commitment was partially, albeit only slightly, driven by legislation and special funding initiatives introduced to bolster government policies. One vice-chancellor summed up the situation concisely:

> I think the government has put increasing pressure and influence through HEFCE and in other ways to make the work that we do in the post-1992 sector relevant as they see it to the economics needs of the country (OVC 2).

This did raise questions over the rhetorical nature of the 'business-facing' agenda, especially in one institution where it was perceived to be little more than a means to an end:

> We do see a need for the two reasons I said for boosting a different funding stream to the university and for gaining even, for getting even closer to business … (OVC 7).

At the other end of the spectrum two vice-chancellors were more vociferous in challenging the 'business-facing' label. They opined that describing an institution as 'business-facing' was problematic, especially in a sector where staff were historically located on the "left of politics" and maintain "philanthropic views", and that this could potentially lead to staff feeling alienated and disenfranchised.

> So you could be a four star researcher at University of X but if you can't demonstrate how that makes a contribution then there's not a great deal of support for you (OVC 7).

This criticism was unwittingly supported by one of the more pro-'business-facing' vice-chancellors who admitted that academic and support staff alike were simply required to fulfil their contractual obligations. While, this might sit uncomfortably with some of the notions of collegiality and autonomy that tend to be synonymous with the traditional notion of a university this fits firmly in line with human resource policy inside industry and business:

> I don't want them to be a clever dick, just want them to do the job I am paying them for (OVC 8).

In some quarters it was suggested that the 'business-facing' brand could restrict the freedom of movement of their institution, and hence its appeal to those outside of the sector:

> By saying business-facing … don't actually allow yourself the freedom
> to build a ten million pound cancer research building because that's not
> business-facing … (OVC 8).

It was clear that a number of vice-chancellors felt that the notion of a 'business-facing' institution was somewhat incongruous with a (albeit partially) publicly funded institution:

> You know if you are working in the private sector you would be profits led, shareholder value, whatever, and if you are in the public sector then it's about service to the public (OVC 5).

During the discussions that centred on the 'business-facing' university there was little mention of education and or teaching, but frequent references to surpluses and profits: "That will generate profit, unashamedly that will generate profit" (OVC 1). Although one respondent did attempt to reconcile the 'business-facing' agenda with the mission of a university by referring albeit it in passing to the importance of producing industry ready graduates:

> There is no point producing thousands of graduates all very pleased with their
> education and yet go and work in McDonald's (OVC 12).

One vice-chancellor pointed to the ambiguity of the categorisation, by making reference to a successful institution (outside of the post-1992 sector) that was heavily engaged with business and industry but had decided deliberately to retain a distance from the label, in a bid to avoid the archetypal stereotyping that was likely with such classifications.

> Warwick University … it's one which has got teaching, high quality, it's got
> research and it's got massive business-facing activities – it doesn't brand itself
> like that … It's a classic one of how to look at a value system in a university
> (OVC 4).

The terminology operated on different levels across the sector. The nomenclature was clearly seen as part of the branding exercise of an institution, and there was competition among institutions trying to come up with the most favoured tag or strap line. For some 'institutional elite' the label was already considered passé:

> Enterprise is no longer a fashionable word so we are now thinking about
> creativity (OVC 9).

The temporality reflected in the susceptibility to fatigue of such buzzwords above appeared to point to a wider contradiction within higher education institutions. The interviews suggested that the 'business-facing' accolade reduced the mandate of higher education to simply supplying degrees as a means to obtaining a job, and as such was not suitable as a standalone mission for a higher education institution. All of those interviewed at least outwardly supported the view that a university should be run as a business and operated along business-lines. Those 'institutional elite' that unequivocally perceived their institutions to be businesses and business-like posited that the 'business-facing' mission was a clear way for post-1992's to sign post themselves in a highly competitive sector.

There was a wider consensus across the group concerning the engagement of institutions with employers, in terms of knowledge transfer and student employability. This was expressed more in terms of a philosophy and was not necessarily referred to as 'business-facing', but reflected the elements of the government's 'business-facing'

policy designed to address areas relating to the productivity and competitiveness of the country (DIUS, 2007). This can be better understood by the assertion of a number of 'institutional elite' that suggested that a university's Mission Statement had to be perceived as credible and it was essential that such statements were not deviated from simply to reflect the current whims and fancies of a particular ruling body or government. This was also underpinned by a belief, referred to previously in this chapter, among the respondents that universities and especially those in the post-1992 sector had always been 'business-facing', and that the government's recent criticism had been directed more at the traditional, older type universities (see Chapter Three, page 47 for definition).

Of all the 'institutional elite' only one vocalised any concern over the government's policy of employability, and questioned the legitimacy of a "demand-led system of higher education", whereby employers were perceived to know exactly what skills they want graduates to have. The respondent suggested that in their experience employers were really looking for 'graduateness' rather than the notion of specific skills constantly referred to by the government, and that this was supported by the fact that:

> all the classics graduates from Bristol University … walk into jobs no problem at all … they haven't been specifically trained for particular careers (OVC 12).

7.3.2 Corporatisation: 'business-like'

Universities are often described as pluralistic organisations (Denis *et al*, 2001) because they are comprised of highly divergent groups. The two most dominant groups are the faculty or knowledge workers, who deliver research and teaching and the administrators and professional managers. This section aims to explore the reality behind the contention that as part of the process of marketisation universities have begun to construct more formal organisational structures and to adopt more managerial principles and strategies in a bid to reflect a more business-like attitude and approach. Put simply, higher education institutions are perceived to be more like traditional businesses, in the adoption of new business-like functions and activities than ever before. This is seen to have led to a certain level of homogeneity across the

sector as institutions increasingly adopt the same managerial processes and procedures, such as the production and implementation of strategic plans and mission statements (Wedlin, 2008).

The issue of business performance was very much in evidence throughout the interviews, whether discussing the significance of performativity (especially in respect of funding); the importance of brand/brand equity or the rise in the organisational status of functions such as finance and marketing and the corporatisation of these functions; or the criticality of the financial health of organisations of meeting the needs of business. All the 'institutional elite' suggested their institution had deliberately moved towards forming a more corporate or business-like organisation:

> We are moving to a situation where we understand ourselves as businesses
> (OVC 6).

This was augmented by a desire to mirror commercial organisations, and subsequently a number of vice-chancellors were keen to promote the professionalism of their institutions by comparing them to successful commercial organisations:

> Finance, Marketing, HR, you know we benchmark outside the sector (OVC
> 8).

The move to become more business-like was expressed overtly in terms of comments relating to running the institutions in a more efficient and cost effective manner:

> Now we're working here internally so that every pound we spend has got to be
> seen to demonstrably add value for the students (OVC 4).

One anecdote in particular highlighted the extant relationship between corporatisation and commercialisation in the sector. One vice-chancellor narrated how his strategy to overhaul the university's quality systems in order to demonstrate excellence ultimately resulted in the nursing provision teaching suddenly being rated as excellent and being awarded a grade five for work in digital in the research assessment exercise.

However, there was an argument posited by one respondent that the real issue was not about how you organise internal processes and procedures, but more about the level and nature of service that you provide your customers with:

> … is not about organisation, it's how you interact with your students, how you
> do it more efficiently, and all those things (OVC 4).

Most OVCs admitted that they were looking into other areas such as the best means of achieving efficiency savings across the business (i.e. reducing expenditure by culling staff numbers) and increasing revenue from overseas students, although no-one suggested they were considering reducing capital expenditure on property or revenue expenditure on services such as advertising.

One vice-chancellor was keen to dispel the notion that the idea of professional and business-like institutions was novel:

> I would say that we perceived of ourselves as a business in 1997/1998 (OVC
> 11).

There was a general view that the sector tended to suffer from a perception that universities were generally mismanaged and not run in a very business-like manner, because of the media attention given to a handful of such instances:

> You've made a mess of running your institution here's fifteen million pounds
> … to mismanage a bit more (OVC 12).

One vice-chancellor was a lone voice in contesting the popular notion that post-1992 universities were more business-like than the more traditional universities. Having a working knowledge of both parts of the sector the interviewee posited that the older, more established universities were in fact more likely to be run along business-lines.

> I would say there is a common misconception that new-universities are better
> managed and more managerial than pre-1992's. They're wrong. I would say
> that the pressure to generate income to cover the costs of research leads to a
> much more entrepreneurial and professional … (OVC 11).

There was undoubtedly an appreciation that it was necessary for universities to adopt a more business-like approach in both its day-to-day management and overall strategy:

> So culturally we've gone from meeting-driven to output driven (OVC 8).

The 'institutional elite' also expressed a need for the sector to be more accountable and invariably this was equated with better management of finance by individual institutions:

> We have not borrowed to do it, nor have we sought to fund it by the sale of
>
> assets … we manage very, very prudently and very carefully (OVC 3).

There was a suggestion that the governance of institutions was often not as entrepreneurial as it might be. This was frequently in spite of a deliberate institutional policy of appointing individuals with commercial rather than academic experience:

> There is a phenomena that occurs I think in a number of universities … many
>
> of their councils or their governing bodies have outstanding talent … that have
>
> come from the business world, that have made millions of pounds, that have
>
> made big decisions, that have hired and fired people ... put them into the
>
> governance structure under the governance rules ... they lose all appetite for
>
> risk (OVC 8).

Throughout there was evidence of a marked strategy within the sector of centralised-decentralisation. Most departments and units within institutions had become Strategic Business Units (SBUs), and were forced to compete with other internal as well as external units for funding and other resources. Most of the respondents offered up narratives of process reengineering and functional upgrading designed to make their institutions behave more like a business.

> We are looking at our work allocation model … we are trying to make that
>
> more efficient so it may be that we could deliver that 1,650 growth but we
>
> only have to recruit another 30 staff so we get all the income but not all the
>
> cost … (OVC 12).

Respondents were also aware of the need to look at all aspects of their organisation with a view to becoming more efficient.

> So we either look to acquire or we look to reduce costs and share services, to
>
> share HR services, maybe finance, your student support … (OVC 5).

As part of the marketisation of the sector most of the institutions interviewed had chosen to outsource non-core functions or to create wholly-owned subsidiaries to deal with any commercial ventures.

> So when a student buys services from us it's the University of X, when a company buys services from us on behalf of his or her employees that's the University of X Corporate – there's a clear separation (OVC 3).

These transformations were usually led by the vice-chancellors' themselves, who had often identified the initial need for change.

> It was like the EU so you had Germany, France, Italy Wales, Romania, you name it, they all spoke different languages, they all used different processes (OVC 8).

There was a suggestion by one vice-chancellor that organisations were often too quick to remodel their businesses, without understanding the real implications or identifying a need for change.

> My personal belief is that sometimes there is an overemphasis on structure and organisation and reorganisation and it doesn't matter how many times you rearrange the deckchairs if the Titanic's hit the iceberg you've had it, but it might create a little displacement activity and you might have a few busy fools in the meantime (OVC 3).

At some institutions the change was evident in closely monitored metrics, such as the vice-chancellor who could view at a glance from a screen the daily business position of the institution:

> When it comes to finance and HR and all the rest I can get you on this screen now a single screen that gives me every business parameter of the university live (OVC 8).

In most cases there was clear evidence of the functional upgrading of certain departments. (This is discussed in greater detail in the following chapter). Marketing and finance in all instances had become recognised as separate entities in their own right and as such of much more import. This increased recognition was apparently hard won across some institutions:

> So they have moved … to saying Marketing … we respect them ... Finance,
> we respect them (OVC 8).

The finances and financial stability of each institution were clear priorities for of all those interviewed who admitting that retaining a comfortable surplus was high on their priority list:

> So we had a good financial position, we still have a good financial position
> (OVC 8).

This was augmented by vice-chancellors confessing to being obsessed with finding the best deals, in means of financial terms, for funding capital expenditure and expansion plans:

> So we negotiated some of the best deals in the sector, very, very commercial
> and its fixed interest (OVC 8).

Some 'institutional elites' admitted that they had bought in services and staff deliberately to encourage a more commercial atmosphere within their institution:

> The university has opened up and bought in a lot of people from outside ... and
> where appropriate bring in people with commercial skills ... it makes sense
> where ... you are trying to build greater links maybe with the commercial
> world then you recognise that you probably need people who've been in that
> environment (OVC 10).

Only one vice-chancellor explicitly suggested that corporatisation had become embedded within their institutions, recounting an incident whereby relatively junior members of non-academic staff were so committed to their jobs that they had asked to be given training in customer care:

> It's embedded in the culture and a sign would be, say the people on the desks,
> right when you came in, they've all taken an NVQ in customer care, people
> that didn't have qualifications, you know, guys that were just sort of security
> men they said actually I would like to be better (OVC 8).

The use of business-like language by the 'institutional elites' interviewed also tended to reinforce the cultural change that had occurred and was occurring across higher

education. Throughout their dialogues included constant references to "business systems", "significant surpluses" and to estates and facilities being "fit for purpose".

It was apparent that respondents were deliberately employing the language and narrative of business. At least one interviewee actually made an explicit reference to their choice of language:

> We go into that businessy speak because it helps you understand (OVC 8).

There was a suggestion that some individuals were deliberately trying to adopt a more business-like persona:

> we are doing a variety of things to make us more fit for purpose, terminology
> we are using … (OVC 6).

It was possible to detect from some of the 'institutional elites' a slight disinclination, if not from the senior management team, but from their general academic staff towards a restructuring of their internal milieu. One vice–chancellor suggested that there had been some tension between academics and the finance team when a team of professionals were first employed, but tempered this by concluding that:

> No one argues with Finance now (OVC 8).

Another vice-chancellor suggested that it was much easier for institutions to claim and subsequently prove to be 'business-facing' in their external environment, than to successfully adopt a more professional and business-like approach across their internal business.

> I think it is quite interesting how you actually apply your enterprising skills to
> teaching and learning because … I think the approach … isn't only about how
> you are enterprising outside, I think it's about how you apply ... your business
> systems, how you apply it to your teaching and learning philosophy and
> approach ... I think it goes further ... (OVC 4).

This culminated in a shared recognition that while the reengineering of processes and departments and the streamlining of the business had been relatively easy, any attempt to change the culture of individual institutions was met with strong resistance from inside the organisation:

And cultural change is one of the most difficult things to do in the world (OVC 8).

In one institution the vice-chancellor openly admitted receiving hate mail for trying to introduce cultural change:

I got hate mail on that, how dare you in a university talk about customer service (OVC 8).

Change was not only confined to the culture and language of the institutions but even buildings were subject to surgery to ensure that they were "fit for purpose".

If I walked you up there you would think you were going onto the corporate world ... because Business Schools need to be corporatey … (OVC 8).

7.3.3 Commodification: 'third stream activity'

There was a clear commitment to third stream activity across the board; with institutions announcing that going forward they no longer intended to "fund poor research" and a general recognition that such activities were "critical to the financial health of this university". Most of those interviewed expressed a commitment to third stream initiatives.

We have a huge commitment to third stream activity already, in fact we don't regard them as third stream they are second stream for us, so teaching and applied research are the two things that we do (OVC 2).

Some institutions had adopted an attitude whereby all members of staff were actively encouraged to be involved in commercial type activities, while other institutions preferred a more tentative approach, whereby they admitted to "we kind of work with the willing".

We've been quite specific about investing in very specific groups who want to work in very specific sectors of the market (OVC 9).

It was also posited that post-1992 institutions were more likely to be reliant upon alternative methods of funding, than their more traditional counterparts:

> Because of the kind of university we are third stream activity is vital (OVC 3).

This was countered by the suggestion of a number of institutions that there was a misconception over the amounts by which pre-and post-1992 universities respectively relied on traditional funding methods:

> It is very interesting that when you look at some of the more traditional universities they will say well actually we are only dependent by about thirty five per cent on government, what they forget is all the public money from the NHS, all the public monies from Research Councils, but if you add it all up they probably come up to sixty per cent … So there is a little bit of a con when people make sweeping statements 'oh you know LSE is only dependent for seventeen per cent of its funding from the government' (OVC 8).

All of the 'institutional elite' recognised that their institutions could no longer rely on state funding and that they would have to harness their expertise to generate additional funding in order to sustain the daily operation of their university.

> Third leg activity is leveraging very often your activities … the ideal of course is to have a piece of exploitable IPR and then you really make big bucks (OVC 5).

Respondents tended to accept that in future higher education was "about getting money," and that as such they needed to "get professional about" where and how they were spending "time and energy". There appeared to be a slight tension over the exact nature of third stream activities, and one vice-chancellor expressed concern over the lack of clarity around the terminology:

> The big challenge around third stream is the fact that third stream covers a whole variety of things … private sector enterprise, multi-nationals, those sorts of things, small businesses … (OVC 6).

It became clear that across the board third stream activity has been interpreted in various ways by different universities, often commensurate with their institutional mission. For all of those who took part in the study, applied research was clearly understood to be a major composite of third stream activity.

> Our research has been very applied; it's been near market stuff … transferring knowledge, taking existing technologies and finding new applications for them in industry rather than necessarily being state of the art technology.

It was also claimed that the older more traditional universities (see Chapter Three page 47 for definition) historically at least were less inclined towards undertaking applied research. Although, one vice-chancellor did concede that the competitive environment was slowly changing things.

> … Oxford, the University got no money whatsoever. They didn't want to know, they didn't want to soil their hands, with this kind of thing. I think that's probably changed (OVC 5).

For others the concern was more about the confusion that the notion of applied research might cause outside of the higher education sector:

> When people talk about knowledge transfer they tend to think someone has just invented a widget in a laboratory and that physical entity is going to be placed with a company for production and everybody is going to get rich (OVC 3).

Some of the more research active institutions admitted that it is could be quite difficult for some institutions to make money out of research:

> Never quite got enough money out of the research assessment exercise to justify the investment that we were making, virtually every research grant that we got in you were somehow subsidising it (OVC 5).

For one vice-chancellor implicit within third stream activity was the notion of professionalism. Hence the notion was perceived to be as much about undertaking third stream activities in a professional manner, as it was about carrying out the actual work stream (i.e. how you did it, as well as what you did):

> It is about being professional about the way we do things so I think we are much more professional about the way we do contracts ... so lots and lots of process improvements in terms of …. better at working with external organisations (OVC 10).

Only one vice-chancellor mentioned that there might be a wider societal benefit to be gained from third stream activities.

But it's actually also transfer of knowledge to communities that affects behaviours that affect societies and makes things better. It's still transfer of knowledge (OVC 3).

Although, it was presumed that the main rationale for institutions to undertake third steam activities was to secure additional funds, a number of vice-chancellors stated that their real motive was the opportunity to gain greater autonomy with which to control their organisations:

So the third stream activity is all about having less dependency on government to give you greater freedom, to give you and your strategic management team the opportunity to make the right strategic investment and also to be able to have an element of risk (OVC 9).

The volatility of the available funds from third stream activities was clearly something that all those interviewed had given a great deal of consideration to.

Knowledge transfer, R & D and training are very much things that fluctuate with the way that business is going ... It's therefore not something you can put in your bottom line and guarantee that you are going to get ... (OVC 6).

Vice-chancellors were only too aware that funding from the private sector for third stream activities was not as reliable as funding for teaching and research grants from the public sector. Ultimately this meant that institutions had to be careful about relying on such monies and needed to look at alternative means of generating additional funds as well.

You have to structure yourself to be more successful than other people in a market that can be buoyant and a market that can be quite down (OVC 8).

All of the 'institutional elite' recognised the ambiguity surrounding the marriage of marketisation and education:

It's a funny, an unusual business is a university because your core business education is loss making, if you were running a business you wouldn't do this (OVC 1).

It was apparent that some individuals were made more than a little uncomfortable by the introduction of overt commercial ideology and terminology into a university and as such were keen to stress the public service nature of higher education:

> Public sector but with a commercial side to it and that's about understanding
> the not-for-profit or the public sector ethos of the values of the organisation …
> (OVC 9).

There was some disagreement regarding the success of third stream activity. At one end of the spectrum it was suggested that "despite all the talk, it's not a very significant income stream for the whole sector" (OVC 5). There was also a suggestion by another respondent that it was questionable whether universities could ever generate the sums of money that the Treasury was expecting and that in "terms of generating wealth … you'd be better off buying lottery tickets" (OVC 9).

> I am quite worried that the masses of money that ... see Lord X had this kind
> of extraordinary idea that pure research would lead to spin outs which would
> lead to commercial growth and all that and there is just no evidence that it has
> done (OVC 11).

Spin-out companies, which had been previously been promoted by various government departments including the Office of Science and Technology (OST) as a potential source of additional monies for universities, were singled out by a number of institutions, as largely unsuccessful:

> People are actually recognising ... collaborations with business gives you
> shorter returns, spin out are relatively time consuming and there are huge risks
> with it all … (OVC 9).

While at the other end a number of 'institutional elite' boasted of international corporate clients:

> Our corporate clients who come from Venezuela, Nigeria, you know, we've
> got huge contracts from around the oil and gas sector ... (OVC 7).

At least three mentioned substantial sums of commercial turnover, which generated significant profits that were used to subsidise the rest of their institution:

> So we have a group, a consultancy group … that turns over two million
> pounds in consultancy… you know there's no teaching and very, very little
> research (OVC 10).

Others recounted significant numbers of successful knowledge transfer activities:

> I've got to say that the work in Partnership, Business and Commerce is very
> good at the moment … only in the last three months we have landed very big
> contracts with outside bodies, whether they be for technology and transport,
> technology exchange, so I think we are now up to forty five KTPs, going
> really well, growing like mad (OVC 4).

A number of 'institutional elites' inferred that an increased commitment to third
stream activity meant that they needed to spend substantial sums up front in order to
attract businesses and students (potential customers).

> That's a ninety million spend … ten new lecture theatres for students … now
> we can lecture to eighteen hundred people at the same time, should we wish to
> … (OVC 8).

In essence there was an air of needing 'to speculate to accumulate' in order to benefit
from third stream activities:

> I think universities do have to continue spending money (OVC 8).

7.3.4 Competition: within and between institutions, nationally and internationally)

The 'institutional elite' involved in this study had considered the implications of
competition from both public and private sector institutions. In no instances, was it
suggested by respondents that they were unduly worried by competition from other
universities or private providers. In fact the suggestion was that private providers
would struggle to replicate the university experience and would therefore find it
difficult to attract home students:

> I'm not certain that it's going to rival home-based universities for home-based
> students. I think they want to go to uni, and uni is a set of experiences it's not
> just getting a degree and what they offer is a degree (OVC 11).

OVCs were aware of the requirement to create new business competencies either alone or in partnerships. They also suggested that institutions needed to be able to identify and evaluate the relative merits of any new undertakings. Almost all of those interviewed expressed a cautious approach to overseas operations:

> Internationally, we have been very careful (OVC 4).

The majority of respondents in particular viewed notions of international franchises suspiciously. They were seen to pose a considerable threat in respect of a number of quality control issues to the hard won reputation of institutions:

> I just breathed a huge sigh of relief … that we had no franchises here at all …
> and that's very much to do with the quality of their provision (OVC 7).

There was also an inference that such arrangements rarely made a healthy financial return, despite promising forecasts:

> Franchises sometimes give a great excuse for academic tourism, they can
> threaten the reputation of the university and sometimes they really don't make
> a huge amount of money (OVC 7).

Two vice-chancellors shared a different view:

> I haven't got a problem with them delivering our programmes at all, no
> problem at all (OVC 1).

Both felt that properly managed and with institutions exercising great care over their choice of partner, such deals could prove fairly lucrative:

> We have always had a strong portfolio of franchises or validations with
> overseas private providers, … a desire to grow the size and quality of those
> relationships. We've dumped a lot of them over the years, trying to focus on
> quality (OVC 9).

One vice-chancellor went as far to suggest that other institutions were unlikely to reveal that such international relationships were anything but successful:

> Franchise exercises in universities … people you are going to visit, they
> probably won't tell you the truth, that it costs them more money than they get
> in (OVC 8).

Among those interviewed increasing the numbers of overseas students was seen to be the preferred strategy for increased internationalisation and for sourcing alternative funds:

> Looking for growth in the international area even if we can't grow home-based students (OVC 5).

It was also regarded as relatively risk free and lucrative.

> Very much certainly for us a high reliance on income generated through international students as a way of balancing things out (OVC 10).

In fact one respondent explicitly highlighted the significant financial contribution that international students and hence universities were making to the UK economy:

> This country earns five and a half billion pounds from international partnerships (OVC 5).

However, added to this statement was a caveat noting that this contribution came mostly from institutions within the post-1992 sector of higher education:

> If it were just the Russell Group, the elitist universities doing that, then you wouldn't be able to get that many students in….so it's very important for government to understand the scale and the majority of students are taught in universities like this (OVC 5).

Vice-chancellors were less keen to discuss individual institutional relationships with private providers of higher education. There was a tendency to make general admissions that increased competition within the sector would lead to an increase in the numbers and volume of private providers and university partnerships with them. Respondents preferred not to be drawn on individual companies, but there was a general consensus that institutions would be prepared to work with private providers:

> It's going to happen and that is an issue for public sector universities, how are they going to manage it because you can't stop it (OVC 1).

Although several 'institutional elite' suggested that any such relationships would need to be firmly managed by the university, in order to ensure that the quality of their provision would not be compromised.

> Well I think we will … pick and choose. We did have a relationship with X
> which we stopped … they didn't sustain quality standards (OVC 5).

It was apparent that the sector was aware, that the reality was that they had little choice, and there was a perception that it was better to engage with private providers than to be "screwed by them" (OVC 1). Only two 'institutional elite' voiced any concern over a private provider working in a higher education market, in principle:

> I have a discomfort about us being the easily discarded soft underbelly into the
> UK (OVC 3).

7.4 AGENCY

This section examines a number of questions related to the notion of leaders as strategic agents. In order to comprehend the changes to value chains within the higher education sector it is important to understand the effects of strategic behaviour upon such chains. As vice-chancellors and members of the senior management team are deemed to exert strategic influence over both the sector and individual institutions firstly the changing and changed nature of the role is explored. This is followed by an investigation into the extent to which leaders in universities have strategic choice (Calveley and Shelley, 2002) and the influence that leadership agency (Auld, 2010), and to some extent 'gamesmanship' (Smith, 1993; Macdonald and Kam, 2007) has had upon changes to the value chain of individual institutions.

It was clear that most of those interviewed saw the vice- chancellor's most important role as a purveyor of change, both within their chosen institution and across the sector:

> My job as a vice-chancellor is to prepare this university for … change (OVC
> 1).

Subsequently, it became apparent that as part of the universal move towards a more marketised sector, there has been a marked change in the demonstrable characteristics of those being appointed to the top positions in higher education establishments. With individuals being increasingly sought who are able to influence as well as implement strategic choice:

> My job really inside this institution is to set a framework, try and create a philosophy, create a culture and half the rest of my job, maybe a bit more nowadays is trying to influence government and regional policies to ensure that it aligns with this institution (OVC 1).

Research suggests that vice-chancellors started to display leadership characteristics more akin to chief executives of large businesses as opposed to their previous manifestations as leading academics, following the findings of the Jarratt Report in 1985 (Deem, 2004). The contention being that in order for universities to become more business-like and more enterprising they need to be led by individuals capable of a more corporate style (Marginson and Considine, 2000). This was evidenced by a number of responses from those interviewed:

> The previous vice-chancellor's view was we'll have one of these, and we'll keep it in the top drawer … I have a slightly different view of life … (OVC 4).

All were keen to draw a distinction between themselves and their predecessors:

> I might not be better than my predecessor, but they would know I was different (OVC 3).

Most suggested that they had a better working knowledge of the sector and their institution than the previous vice-chancellor:

> well I guess coming in as the new vice-chancellor … I have contributed to giving clarity of purpose for the University (OVC 7).

The incumbent job holders also appeared better suited to promoting the institutions in an increasingly competitive market:

> X writes quite a lot and is often asked to talk at national things. So the vice-chancellor is out there … (OVC 6).

Although, there was a general consensus that the role had become more political, some were clearly comfortable with this element of the role:

> We need universities to play in this game ... to help shape policy (OVC 1).

Only one vice-chancellor suggested any disinclination towards the political agenda:

> I am not a political animal at all (OVC 12).

The implementation of a number of strategic-types polices and documents was a clear reflection of the methods employed by all vice-chancellors to influence the culture of their institutions. Of those interviewed all expressed a commitment to the Mission Statements produced by their institutions. The implementation of a clear vision was highlighted as an important element of the vice-chancellor's job role. Invariably, the appointment of a new VC coincided with the release of a new mission or vision for the institution.

> In my job description or in the Articles it says the Board of Governors agree
> the future direction, strategy, character and mission of the University on the
> recommendation of the Vice-Chancellor, that's the one thing I will not
> delegate to anybody (OVC 12).

There was a prevailing view that finance and the need to create a business approach to higher education across their organisation was of central importance to the role of vice-chancellor (Deem, 2004). Most vice-chancellors had implemented a number of common practice business processes and procedures to underpin this new allegiance to a more professional type culture. This included the introduction of excellence awards for staff, whereby staff could nominate their colleagues for outstanding service and dedication to the institution.

> When I arrived we also introduced some Excellence Awards where I was quite
> keen to give a signal that as a new vice-chancellor I wasn't afraid of
> excellence (OVC 3).

It was evident that even the implementation of such simple processes had taken some time to embed into the organisational culture, and had often been problematic:

> Things like the Vice-Chancellors Awards when I started them three years ago
> it wasn't greatly welcomed but it's very popular now because it's recognising,
> celebrating success (OVC 1).

At least one vice-chancellor pointed out the need to convince staff of the validity of the changes introduced, by utilising the language of business and indicating a tendency 'to walk the walk as well as talk the talk':

> It's no good me saying that they're the values and … I value people and then when I've got two hundred and thirty staff working on a Saturday … they see me buggering off and having an ice cream … (OVC 3).

The interviews also created a sense that there has been a 'loosening up' of the sector, with the constant use of 'buzzwords' and technical language, favoured by business and industry leaders. This more relaxed and less academic style reflected the wider role for universities perceived by the government alongside the rapidly changing nature of the student body (Fearn, 2010).

> Professionalisation has gone across the board. There has been professionalisation of management, lots of staff development to develop managers at all levels in the organisation (OVC 9).

Despite their outward commitment to the notion of a more business-like institution most of the vice-chancellors interviewed presented themselves in a somewhat ambiguous manner. Externally they were business-like and professional, almost identical in their choice of language, sentiments, and even physical settings. The vice-chancellors were anxious to convey a notion of themselves as academics first and foremost as opposed to professional managers. Most dropped their research interests or previous careers into the conversation: "And I see that in my own area of analytical chemistry" (OVC 5). Vice-chancellors who were previously scholars are widely deemed to have a deeper understanding of higher education and are considered better able to create a temperate environment in which researchers and lecturers can blossom (Goodall, 2011). This view was strongly shared among those interviewed:

> If you look at the track record of the CEO's who have come in to try and run universities, it's not distinguished by success (OVC 1).

Outsiders were often perceived to struggle with the culture of academia:

> You know, just bringing somebody in from a private sector … and plonking them down, doesn't always work. It's a strange world; it takes a while it to learn about it (OVC 10).

There was also a tendency for those interviewed to stress the uniqueness of the higher education sector and of those institutions within it, and hence of the strategic and key nature of their role.

> There's a big difference here you know, you cannot lead a university the same way as you can lead a private company (OVC 1).

This was clearly perceived to make the job of the vice-chancellor particularly difficult.

> I think at the start it's very much to get the strategic direction right, get everyone facing in the same direction and then I think it's very much about the individuals getting on and doing the job…. (OVC 4).

The culture of academia and its aversion to change was the area where vice-chancellors felt they had had the most impact:

> I have driven cultural change … that involves organisational change, and organisational design and it is teaching and learning philosophy, it is asset utilisation how you utilise the estate, it's research ethos, it is publication output … (OVC 8).

The role of the vice- chancellor tended to centre on the ability of leaders to guide and influence audiences both internal and external to the sector:

> Vice-chancellors don't do anything, but what vice-chancellors do is they cause things to be done (OVC 3).

Critical to the role of vice-chancellor were seen to be skills such as diplomacy, communication and networking:

> I spend more, well certainty half of this week I am in London, talking to policy makers, civil servants, people behind the scenes, couple of shadow ministers (OVC 1).

Influencing and negotiation skills were also perceived to be critical to the role:

> Sort of public relations almost isn't it, to shape opinion, to shape what is successful here … (OVC 1).

All of the 'institutional elite' expressed the importance of soft skills to the role over and above any specific managerial or financial expertise:

> Actually it's the personal things that are the most important things. They are the being available, being around, always smiling, giving out the good news, listening to people, valuing people ... (OVC 5).

Vice-chancellors expressed a need to be more visible outside of their institutions in a bid to better promote the standing of their university:

> The biggest difference I think from my predecessor is … that I am out and about on the national stage much more (OVC 5).

All of the 'institutional elite' appeared extremely confident and knowledgeable, which was commensurate with the position they held. One vice-chancellor suggested that a large part of his role involved exuding an air of confidence about the institution in order to transfer such confidence to others:

> My job is about giving people confidence, so if I am confident and I appear confident, they'll be confident. If I show that I've got confidence in them, they'll have confidence in themselves and confidence in their institution (OVC 3).

On a more personal level there was an incongruity in the manner in which vice-chancellors conducted themselves. It was made clear that as a group they were much more managerial and exclusive than previous vice-chancellors (Deem, 2004):

> You are very lucky to get to talk to them (vice-chancellors) in the first place (OVC 9).

Although, they preferred to portray images of themselves as ordinary individuals who were very much involved with the day to day operations of the university:

> So a lot of this stuff is stuff where I've been involved at the chalk face (OVC 12).

They also suggested that they preferred to lead from the front:

> I am the sort of person ... who scrabbles around in the muck with the troops ... (OVC 12).

There was a tangible need to be seen doing and acting in certain ways both within and outside of the institution:

I've tried to be a visible vice-chancellor (OVC 12).

At times, the 'institutional elite' spoke modestly of their achievements in post:

My job is to make speeches and have my photograph taken (OVC 1).

They accepted that the nature of the university made it difficult for one person to influence and manage:

I think that the whole point about a university is no one person can achieve anything on their own (OVC 9).

They would then make statements that would appear to aggrandise their own status:

If I come on a day and I'm not smiling, then, you know, that ripples onto the whole organisation and onto their families … (OVC 5).

They also saw their role as paramount to the survival of the university:

Institutions fail because they are not led correctly (OVC 5).

Essentially, despite their outward displays of disparity there was uniformity in the composition of each of the individuals interviewed. Physically the group shared the characteristics of most vice-chancellors. They were white, around fifty years old and predominantly male (Breakwell, 2006), and only one vice-chancellor had experience of working within the pre-1992 sector.

The challenges and frustrations involved in leading an organisation, which is effectively dictated to by government and social policy were implicitly acknowledged within the interviews. One informant suggested that many of his colleagues were unwilling to challenge the actual outcomes for higher education expected by government and preferred to ignore the issues arising from what was fundamentally a principal-agent relationship. Many preferred simply, the 'institutional elite' noted, to adopt the hegemony of the day and were unwilling to challenge any inherent rhetoric within proposed educational policy:

I'm probably the most sceptical VC that you will come across … Most VCs I know have got a kind of line which is almost the orthodoxy about higher education and they kind of think within that framework and they don't think outside of it. There's an orthodoxy and it's a kind of UUK (Universities UK)

orthodoxy, and it's got a whole set of things around autonomous universities

will lead to dot, dot, dot, … (OVC 11).

This contention was augmented by the notion expressed by another respondent that many vice-chancellors were keen to be seen not to cause too much controversy within their institution:

What you have to do as a VC is you have to sail the ship that you have been given … (OVC 10).

Invariably, other vice-chancellors challenged this view and suggested that the one thing university leaders were not very good at was following and adhering to government policy:

Vice-chancellors in particular aren't terribly good at following government exhortations (OVC 3).

Throughout the interviews there were a number of intangible tensions inherent in the role of the vice-chancellor. As already mentioned a number of vice-chancellors appeared undecided as to whether they were academics or professional managers. This contention augmented itself into a faintly discernable strain between less senior academics and administrators although it varied in degrees between institutions. There seemed to be a disconnect between the stated aims of the institutions to become more business-like and their adroitness in adopting the correlated managerial practices. At one end of the spectrum there was acknowledgment of a hard earned and begrudging respect for staff in such functions as finance and marketing, while at the other end there was a clear statement that administration functions were solely employed to support the university's core functions and staff were required to remember that and their place.

Focusing support services on supporting the business, understanding, you know, they are there only because the academic endeavour is there. It's their job to understand and support the academic endeavour on a whole range of support services (OVC 10).

In closing, it was evident that those representatives of the higher education sector that had been interviewed, like the majority of their peers across the sector (Goodall, 2011) worked hard and often long unsocial hours. They were required to attend

numerous social occasions on subsequent evenings, and to take regular long haul flights and to spend a large amount of their time in meetings.

7.5 CONCLUDING REMARKS

It is clear from the data reported in this chapter that at times the rhetoric of the knowledge economy is at odds with the realities inherent in the higher education sector. Despite this the 'institutional elite' appear to have accepted the hegemony of the knowledge economy largely unquestioned. The 'key informants' provided a number of useful insights into the various types of knowledge that have been generated by the marketisation of the sector, which will be returned to in the discussion chapter and used to enhance the straw man knowledge map created early in this study.

Early on in the interviews vice-chancellors emerged as the obvious champions of change both within and across the sector, and this prompted a review of both their changing roles and the nature of their strategic influence upon the reshaping of value chains within and across the higher education sector. At the same time the interviews revealed an inherent tension within these strategic roles as vice-chancellors strive to balance their academic integrity within the institution and the wider sector against a prerequisite to raise their profile and that of their institution on the political and national stage (Braid, 2006).

Respondents were also able to identify the general trajectory that the process of marketisation has followed across the sector as well as in specific institutions and to discuss the varying means and extent by which market ideals and principles had been adopted within specific universities. Having explored the contextual background to the changes in higher education in this chapter, the next chapter moves onto explore the nature of specific changes in the higher education sector and how these notions have combined to create new elements in the value chains of universities.

CHAPTER EIGHT

VICE-CHANCELLORS' PERSPECTIVES II:

DIFFERENTIATION VIA MARKETING AND BRANDING

CHAPTER EIGHT

VICE-CHANCELLORS' PERSPECTIVES II: DIFFERENTIATION VIA MARKETING AND BRANDING

8.1 INTRODUCTION

The main purpose of this chapter is to investigate how the 'new' functions and activities of knowledge (highlighted in the previous chapters Six and Seven) have been subsumed into the value chains of higher education at an institutional level. The first section contextualises the knowledge transformation process by establishing the broader changes that have occurred around and across the higher education sector and within the role of universities by examining the evidence of a number of 'institutional elites' (See Chapter Five, Table 5.2 Item 5). The focus then shifts to examine the vice-chancellors' perceptions of differentiation (See Chapter Five, Table 5.2 Item 1). The notion of differentiation is explored further by examining how marketing and branding have been used universally by universities as a means by which to differentiate themselves in a homogeneous sector, and how in turn these *upgraded function(s)* are perceived to be influencing the value chain structure of universities. Finally, in closing the geographic component of value chains is unpacked, including a dialogue around the extent to which the adoption of new activities might be influenced by the specific location of higher education institutions (See Chapter Five, Table 5.2 Item 8).

8.2 UNIVERSITIES IN TRANSFORMATION

The ethos of change within the higher education sector has forced universities to rethink their roles and to increase activity in areas, such as branding and marketing through to a number of collaborative and commercially funded research projects (Oakley, 2004). This section establishes the context of change within the sector and the changed nature of higher education institutions against which the transformation process of knowledge can be mapped.

8.2.1 The Nature of Change

All of the 'institutional elite' gave similar responses about the broad changes that had occurred in the higher education sector since 1992. Reduced government funding, the impact of concentrated research funding, and the introduction of student fees, along with the increased commercialisation of institutions featured strongly in all the narratives. The 'institutional elite' were particularly aware of the implications of reduced public funding:

> Everything we do is going to be a backcloth against a lower availability of government funding (OVC3).

Concern was also expressed over the repercussions for the sector and for respondents' institutions in particular, of government initiatives such as the widening participation agenda, the higher skills agenda and an increasing anxiety about teaching quality.

> There has been an increasing emphasis from government around a number of things on the teaching side, on widening participation, in funding for widening participation, sort of separation of money and a requirement to account for how you are using that money. An introduction of funding for effective interaction with business ... (OVC 9).

There was also a widespread acceptance that universities were expected to be much more accountable, and to deliver and behave in a more professional manner. Higher education institutions were also expected to interact with and act much more like businesses and to engage in constant knowledge transfer activities, as well as adopting a certain amount of responsibility for the economic wellbeing of the country:

> the emphasis that the Government has placed on the university's role and responsibility in supporting the economic development of the nation (OVC 6).

There was also a shared recognition among the 'institutional elite' that the expectations of students had changed.

> In terms of the student profile one of the biggest changes in the last ten years has been the way in which all students or virtually all students at a university like this have a job and that's had a very significant change on attitude (OVC 5).

The binary divide featured prominently in the list of changes seen in higher education. While the rhetoric might suggest that a one-tier system of higher education was to be created by the removal of the binary divide, in reality, or in the perceived reality of those interviewed, what has occurred is the continuation of a two-tier system, and a perception of post-1992 universities as providers of an inferior service:

> And of course actually what everyone said was you are all universities, you are all the same ... to suddenly change a name doesn't mean you level the playing field (OVC 4).

What emerged from the study was the perception (among the post-1992 institutions) that it was the more traditional universities (For definition see Chapter Three page 47) that had been forced to adapt the most following the removal of the binary divide, where one might have expected the former polytechnics to be required to adjust the most to meet the new situation:

> So I think my rather twee way of saying it, is the biggest impact of removing the binary divide wasn't that it created universities out of former poly's but that it actually encouraged the growth of polytechnic values in the whole university sector (OVC 3).

8.2.2 The Role of Universities

At the heart of all of the accounts lay an acceptance of the role of universities as a place where change was to be generated for both the economy:

> to make the work we do in the post-1992 sector more relevant … to the economic needs of the county (OVC2),

and wider society:

> universities need to be the seedbed of change and changing people (OVC 8).

Despite this general acquiescence among the group over the broad role of a university, there was little agreement over the model of engagement that had or needed to be developed to fulfil this role or best meet the changes that had occurred in the higher

education sector. One of the biggest challenges was perceived to be the multifaceted nature of higher education:

> The problem with the university, as a lawyer I would say, it's a cluster concept, which means it's got a number of elements in it. Like, for example, well providing a high quality environment and a challenging learning experience and undertaking research innovation which has got a real world impact, being a catalyst in economic and social transformation … (OVC 11).

In the experience of at least one 'institutional elite', this diversity of opinions and beliefs surrounding the role and form of higher education institutions was just as likely to be found within a single institution as across the sector.

> There's more differentiation within a university than necessarily between universities (OVC 2).

The proposed model of engagement for universities going forward varied across the cases studied and as expected was dependent upon the core strengths of the institution under review. At least two respondents referred to the increasing influence of research on the higher education agenda as a proposed way forward for the sector:

> the research-led universities have become more and more influential over the last twelve years and have begun to define what a university is all about (OVC 11).

One 'key informant' refuted the necessity of the inclusion of a research role for higher education institutions:

> Not am I a world leading research institute masquerading as a university (OVC 3).

While all the respondents acknowledged the importance of teaching, for two institutions the discipline of teaching and learning was the most important activity a university could undertake: "High–quality teaching is non-negotiable" (OVC 7). In the majority of cases the stated preferred model was of an organisation with "three

legs". In other words a model university would encompass all three areas of teaching, research and knowledge transfer. In these instances the idea of a university going forward that could not supply all of these elements was untenable:

> There are some universities that think some universities should be teaching only (OVC 5).

Even among those who agreed that the new model university needed to incorporate all three of the above elements, there was less agreement about how the balance should be weighted in favour of each of these items. On the one hand respondents argued that:

> our two core strategies are student-experience and research and knowledge transfer but very much research with knowledge transfer attached (OVC 9),

while others posited that:

> our … model of a university is a university that's engaged in research, teaching and knowledge transfer (OVC 5).

The notion of misunderstanding and confusion of role and purpose of the higher education sector was elaborated by one informant who purported that many university boards and indeed some vice-chancellors had a limited understanding of the sector and of their own institution.

> Boards that have got completely the wrong …, which have got a complete misunderstanding of where the university is and where it could go, completely unrealistic sense … and they've got that kind of Manchester City view of the world we can buy our way up the League Table (OVC 11).

This theme was echoed by at least three other respondents who were clear that regardless of any confusion within the sector, outside of the sector there was misunderstanding of the role and purpose of higher education, especially within government and business. One vice-chancellor questioned the governments' penchant for (employer) demand-led education, and admitted that they were unsure how this

rhetorical devise could actually be translated into courses that students would want to participate in.

> I could offer a course in Performing Arts and recruit 200 students like that, that's demand-led higher education. Those 200 kids leaving school are not thinking about what they are going to do at 21; they are thinking what they are interested in. I could put on a course in Manufacturing Systems and Engineering and none of those 200 would do it … employers might say that's what they need (OVC 12).

In most cases the respondents concluded that that their institutions had been and were still constricted in responding to the changes in the higher education environment given their obligatory commitment to the government's social agenda of widening participation. For example, one vice-chancellor pointed out that meeting the government's 50 per cent participation rate, when your starting rate is 24 per cent is quite a "social challenge" (OVC 12). The notion of misunderstanding within and outside of the higher education sector was referred to again by three vice-chancellors who highlighted the dissonance between the rhetoric of the government's expressed commitment to social mobility and notions such as widening participation and the reality of measures such as league tables:

> I could go up 23 places in the published league tables in newspapers by abandoning our Opportunity Programme (OVC 3).

The overriding perception being that the government had failed to attach equal value to its differing agendas:

> that's where it comes unstuck because … we are addressing a social agenda item … I can't move up a League Table on that particular part of it because of some of those people we've taken from, you know lower third class type people up to second-class people … (OVC 8).

And that this can be linked directly to the Government's lack of understanding of the higher education sector and of post-1992 institutions in particular:

I think most official talk is framed on the assumption that everyone goes to the university that they went to and therefore it's a pre-1992 university. When you point out to them that the majority of students will experience university like this, they just register it and they intellectually say yes you're right but there are residual concerns about quality and snobbishness. You know, kind of assumptions about what university education means that makes it very difficult for policy makers to engage properly with this kind of university (OVC 11).

What emerged from the interviews was that despite the lack of agreement over the future shape and nature of higher education institutions going forward, all of the respondents perceived the existence of and in most cases the need for, greater differentiation of mission across the sector.

8.3 THE NEED FOR DIFFERENTIATION

This part of the chapter focuses on the various notions and connotations of differentiation as presented by the case studies. This draws on current government policy in the UK, which is being and has been designed to encourage higher levels of diversity within the higher education sector. This policy direction is fed by the conviction that a more diversified sector will better serve the needs of both the student body and the labour market and will increase the efficiency and output of institutions (Van Vught, 2007). Increasing competition in higher education was reported as being the single most important factor driving the growth of differentiation in the sector. The consensus was divided as to the extent to which differentiation had been generated endogenously (from within the sector) or had been spawned by exogenous forces such as government policy.

At one end of the spectrum were those who pushed the notion that the change had been generated from within the sector and in some case within and by institutions themselves. These proponents tended to embrace the concept of increasing commercialisation within higher education and welcomed the notion of universities being rewarded for working more closely with industry.

I think in the early part of this decade we saw a growing realisation that it was far better to be extremely good at what you are good at rather than try and emulate somebody else (OVC1).

At the other end of the spectrum vice-chancellors at least purported to have a more social agenda and were more inclined to suggest that the advent of differentiation had very much been encouraged by clever financial manoeuvring on part of the government and policy makers:

HEFCE very much trying to differentiate the sector through special initiatives and funding and encouraging universities to not try and do everything but to excel at what they are good at (OVC 7).

Not one of the 'institutional elite' offered a clear definition of differentiation. In most cases it was expressed as a positioning strategy, and was viewed as a means of capitalising on institutional differences. Essentially competition was on the basis of business differentiation (what sets an institution apart from the others in its field, geographical area, market or demographic) and it followed that, market information, branding and marketing were critical (Kotler and Keller, 2008).

Those who were clearly in favour of differentiation as a strategy supported their contention with the notion that it was impossible for one organisation to satisfy all of the competing roles and functions that had been assigned to higher education institutions and that as such it made sense for universities to identify their core competencies and to re-construct their institute around that core strength:

No university can satisfy the entire domain … and once we start funding by mission, once we start saying this university is servicing this part of the domain, this university is servicing that part of the domain you can actually get value for money (OVC 1).

A majority of the respondents saw differentiation much more in terms of diversification (of business activities) and as a means of enabling them to have more control over their organisation and its future.

> We want more of the levers of control about our future to be in our hands …
> and so the more I can diversify my streams of income, the more I can diversify
> my activities (OVC 3).

One vice-chancellor, who claimed that their institution's differentiation point was that they were comprehensive, suggested one of the most interesting insights into the confusion over the meaning and form of differentiation. The institution only saw that by being comprehensive the university was offering students a unique and hence different service (differentiation):

> Our strap line is a world of possibilities, so that shows we are wanting to offer
> a wide range (OVC 6).

The anomaly being that the institution was claiming to be different from other universities by virtue of the fact that it undertakes all of the activities that the other universities do. As such it discounts the notion prevalent in most other case studies that universities need to identify what it is they are particularly good at and focus on that activity going forward if the institution is to survive in an increasingly turbulent sector.

Three vice-chancellors argued that what differentiation really meant for the sector was the elusive search for the distinctive brand.

> I have been in this institution for twelve years and for at least eight of those
> years we have been searching for a distinctiveness label (OVC 10).

A number of the 'institutional elite' suggested that differentiation was about understanding how your individual organisation worked, and what its core strengths were as opposed to trying to distance yourself from other organisations in the same sector:

> Fundamentally, it's very important to be clear about what you are about and
> why you attract students (OVC 7).

'Institutional elites' adopted a particularly business-like language during these narratives and talked of locating their "definite locus in the higher education space" (OVC 1). There was a suggestion that institutions were business organisations that were focused on looking internally through a business lens to understand their core competencies.

> I think institutions have to have a clear vision as to what they want to be and
> what they want to achieve (OVC 4).

Anecdotal evidence given by one vice-chancellor made it clear that the desire by higher education institutions to comprehend their internal environments was driven by commercialisation and was an act designed to replicate successful corporate behaviour:

> Terry Leahy said that Tesco's became successful when they stopped worrying
> about Sainsbury's. So if you spend all your life worrying about Sainsbury's
> you'll never get your business right, so they said bugger Sainsbury's and they
> did their business and Tesco's kind of successful. As is Sainsbury's because
> Sainsbury's became successful when it stopped worrying about Tesco's and
> they said this is our business model (OVC8).

The reality of trying to differentiate institutions in practice in what is a fairly standardised market place tended to be pushed to one side, although all the respondents acknowledged that there were challenges incumbent in trying to be distinctive.

> I mean the argument is actually universities do pretty much the same thing.
> How can you be distinctive in the market where everybody does the same
> thing? (OVC 10).

A division was drawn by two vice-chancellors who stated that it was "almost foolish" to try and be distinctive within the higher education market unless you were Oxbridge or Imperial College and had an international reputation to draw on, as all other institutions were bound by the same quality standards:

But they are all working to the same standards and … they are difficult to differentiate (OVC 5).

Once again, one of the biggest challenges the majority of respondents identified was the need to educate government and the public to understand the value of higher education institutions that were offering different products and services.

The real issue now is actually differentiating ourselves so that people understand the value of the different parts of the sector (OVC 4).

Two vice-chancellors expressed concern that in an attempt to differentiate themselves some of their peers were causing problems for the sector as a whole. In reality what was happening was that institutions were all claiming to be the best at the same thing:

I mean there are so many people that have ridiculed the sector by saying, you know, they have read every strategic plan and there are 38 top 20 universities in the country (OVC 8).

The subject of differentiation was repeatedly raised throughout all of the interviews. The pace of competition in the sector, especially going forward, was such that the 'institutional elite' saw differentiation as not only crucial for the survival of their institutions, but also as a convenient means by which the government could disseminate public funds to the sector:

How do we fund Oxford, Cambridge, Imperial College, Manchester, to be world class research universities, but equally how do we make sure that people who are doing fantastic work in the community, how do we ensure that they get adequately funded and the answer of course is differentiation (OVC 1).

All respondents clearly identified a link between the notion of differentiation and the various common interest groups, or mission groups that exist within the higher education sector. Mission groups were seen as inevitable, and apart from one, all of the vice-chancellors were keen to be associated with individual lobby groups:

I desperately want to help them, be part of them (OVC 12).

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Only one institution did not belong to any of these groups, and this was purported to be a deliberate decision to abstain, on the pretext that the institution was so successful it negated the need to belong to any of the groups. There was a clear division between those who perceived the said mission groups to be accurately reflecting the diversity that existed within the sector and others who suggested that the lobby groups were in fact *"increasing division between the sector"*:

> I think the sector comes over as more divided than it has ever been … they are all out there saying, you don't understand us give us more money, you don't understand us give me some of their money, you don't understand us stop their money (OVC 8).

At one end of the spectrum a few of those interviewed suggested that the individual mission groups were not entirely representative of their own members.

> I probably shouldn't say this, but a lot of the stuff the X say I don't agree with (OVC 12).

Conversely, the majority supported the existence of the mission groups wholeheartedly and highlighted how their existence helped to raise the profile of individual universities:

> They give excellent access to ministers and others things and we can have a very high profile in dealing with matters sort of within that group (OVC 4).

Two 'institutional elite' saw the role of mission groups of critical importance to the post-1992 university sector in particular. Anecdotal evidence suggested that crucial government decisions had been swayed directly as a response to pressure from certain mission groups.

> Last year our campaign was for additional student numbers and that finally produced an extra 10,000 numbers from the government. People said, oh you won't get anything on this. Other groups gave up lobbying for it. We carried on and ministers were eventually persuaded to find some (OVC 5).

Going forward mission groups were seen as "absolutely essential" in helping universities to select and address their appropriate "domain." There was a division between those who perceived that the number of mission groups would rise and those who anticipated the opposite. At least three vice-chancellors indicated that there would likely be an increase in the number of lobby groups:

> But I also suspect that the fragmentation that I can see in the sector of different specialism's will probably be greater than is encompassable by four Mission Groups (OVC 3).

While two respondents were more circumspect and suggested that going forward universities might start to develop more similar business models (i.e. all institutions might look to engage in research, teaching and knowledge transfer) and as such there would be fewer factions within the sector, and hence a reduced need for all four Mission Groups:

> I think the assumption that you are making is that universities are going to be more differentiated in the future and I'm not convinced (OVC 5).

In all the cases studied there was a general recognition that there was a distinct correlation between the concepts of branding and marketing and the notion of differentiation.

> It just goes to show that brand is terribly important, particularly in a fairly undifferentiated market. I mean, all universities work for the same standards, the experience may be different in them but they are working to the same standards and therefore they are difficult to differentiate and therefore brand is absolutely crucial (OVC 5).

Throughout the various interviews no attempts were made to delineate and or define branding, marketing or differentiation.

8.4 DIFFERENTIATION THROUGH MARKETING

It was evident that all of the 'institutional elite' believed that in the context of the marketisation of higher education, all institutions were under increasing pressure to

introduce new means of attracting and retaining students and staff and of funding university activities. This gave rise to an acceptance within the sector that universities needed to consider how best they could differentiate themselves from their rivals, and this in turn led to a general philosophy that marketing and branding were the best means of achieving such differentiation (Naudé and Ivy, 1999; Binsardi and Ekwulugo, 2003; Chapleo 2007).

8.4.1 Marketing

It was evident that all of the case studies recognised the importance of differentiating their own institution:

> Getting the identity of the university right is important in terms of shaping academic agendas, shaping institutional agendas and the university getting an understanding of where it fits (OVC 11).

What was also apparent was that marketing was perceived to be the best means of uniquely positioning a university within the sector:

> And one thing I've always believed in is that you actually … you have to be the best and recognised as the best at a particular niche in the market (OVC 4).

In all cases there was evidence of a significant shift within institutions in both how they perceived marketing and how they executed it. Vice-chancellors were well aware of how marketing had been perceived historically by a majority of academic staff within their institutions.

> In 2003 we had a lot of flack about the branding and all of that, nobody much argues about anything now (OVC 9).

They were united in their view that marketing was now a much more widely accepted concept among academic staff, largely as a result of some expensive and time-consuming communication exercises undertaken by the senior staff in institutions.

> We have done a lot of work … brings together … people responsible for marketing, strategic marketing in the centre … generally there is much more of a corporate feel about it (OVC 9).

There was also a definitive change in the way that some respondents viewed functions such as marketing. It was clear that they were no longer simply viewed as support functions to the core business, but they were seen as value-adding activities. This was demonstrated by the employment of specialist staff rather than academic staff to undertake marketing duties, alongside a growing recognition across institutions of the need for specialist staff to engage with marketing duties:

> a recognition that … part of our job is not about doing marketing and I think that's one of the huge things that we've actually changed (OVC 8).

At least two 'institutional elite' made reference to how historically academics had determined what students would study and which courses universities would run. Within the post-1992 institutions studied there was an increasing tendency towards a market-centred view (Binsardi and Ekwulugo, 2003) whereby academics were expected to defer to the marketing experts for their advice, especially in respect of student demand, before introducing any new subjects to the curricula.

> Once upon a time the scientist used to go to the sales people or the marketing people and say we've just invented an instrument, which will do this, go and sell it. Now the sales and marketing people come back and say there's a tremendous demand out there for an instrument, which will do this go and make it (OVC 5).

It was also apparent that the universities in the sample were spending very large amounts of money on marketing, and that all of the institutions had departments committed to such activities. A relatively small institution from the sample interviewed had a Marketing department of thirty-nine staff by 2010, when four or five years earlier the Marketing Team (such as it was) did not have the funds or expertise available to produce a marketing plan.

> Our recruitment was appalling, … called the Director of Marketing … what are the promotional plans the University makes … Oh, she said I haven't got any (OVC 3).

Some respondents suggested that the higher education sector had yet to get a real grasp of the notion of and potential of marketing, and that the real costs of marketing had yet to be felt by the universities:

> I don't think the sector spends enough on it (OVC 4).

Two 'institutional elite' suggested that this was mainly due to the fact that the sector was not yet as highly competitive as it could be, but that this was likely to change once the fees cap was lifted from tuition fees and the value of institutional reputation and profile was of increased significance.

> I think the one thing we haven't got a hold of is actually what size … is how much effort we should put into whether it be marketing, branding, brand promotion or whatever because actually I don't think we have gone into a highly competitive environment yet (OVC 4).

The experience of those in the cases studied was that all institutions across the sector were engaged in marketing activities to some extent.

> I do think that all institutions use the market, but they use it in different ways. I mean it used to be that round here every time you put the news on X University was on and it's not marketing. Well it is actually because they've got the brand up everywhere; their staff is always out, they appear all the time, that's marketing as well, completely. And actually I think everybody does it, you know Cambridge and Oxford. I think it's across the sector (OVC 4).

However, there was a perceived reluctance on the part of some academics to engage in activities such as marketing, which was borne out by one 'institutional elite' who suggested that's their institution had not quite adopted the cut and thrust attitude to marketing that most other post-1992 universities had:

> And it has that middle-class attitude oh, we don't want to oversell ourselves do we (OVC 9).

At the other end of the spectrum were a number of institutions that understood the marketing function to be a facet of marketisation, and saw it as one way of

implementing a more business-like culture into their organisation. In each of these organisations specialist staff from outside the sector had been deliberately employed either to join an existing department:

> and certainly on the marketing side the people leading in marketing have come from outside, have come from a commercial background (OVC 9),

Or to set up an entirely new operation:

> … set up a first class commercial marketing operation from scratch and I recruited someone who had worked in the university sector at X and X in his earlier career. He was now a Senior Executive of a Media Agency and he came in with carte blanche to build a marketing presence (OVC 3).

In such institutions it was generally felt that prior to the adoption of the marketing practices their institution had not been "bullish enough" and had tended to be "reactive rather than proactive". This 'new' inclination towards business-like behaviour was reflected in the choice of organisations to which some vice-chancellors chose to compare their institutions:

> We are not a Tesco's; we want to be a John Lewis (OVC 6).

Not only were respondents keen to be compared to corporate organisations, they preferred to benchmark their operations against them, rather than other higher education institutions:

> when we compare ourselves and let's take financial management and the web, I don't compare our web to anything other than Amazon or John Lewis, HSBC, First Direct (OVC 8).

This was particularly obvious when they talked about aspects of the institution such as marketing which was not a traditional university activity:

> So on our processes Finance, Marketing, HR you know we benchmark outside the sector (OVC 8).

It was also apparent that other market criteria such as the complementarities with the institution's branding strategy, financial implications and employability issues were now deemed important in universities decision-making processes. There was also a

growing recognition that the language within academia had been adapted to reflect the growing commercial proclivity of institutions (Barrett, 1996)**:**

> **"**and we go into that businessy speak because it helps you understand" (OVC 8).

Throughout the majority of vice-chancellors employed "marketing speak" and talked of "positioning their institutions"*,* the "products that we sell"*,* and of "strap lines" and "capitalising on …. strong reputations*".* 'Institutional elite' also mentioned "selling stories into papers about our research"*,* and wanting "to get as much publicity as you could … particularly when you rebrand as an institution".

Despite highlighting the professionalism of their marketing activities, when vice-chancellors mentioned their reliance for additional funding on international students and alumni they made no reference specific or otherwise to any marketing strategies being tailored to meet the needs of either of these targets groups. Although no one respondent actually used the term 'relationship marketing' there was a tacit acceptance that existing students were currently ambassadors of the university, but that ultimately they would be responsible for their own reputation and marketability, which was interlinked with the reputational value of the institution they attended.

The focus of those interviewed in respect of marketing was generally in relation to the marketing plan, and preferred methods were television adverts, glossy brochures and rebranding of campus buildings. While vice-chancellors mentioned various television and radio advertising campaigns designed to enhance and or build upon institutional reputation; not one of the 'institutional elite' mentioned the increasing trend of marketing departments within higher education to use interactive and 'embedded' advertisement methods, such as product placement and text messaging, and the utilisation of various innovations like social network services such as MySpace and Face book to communicate with potential and existing students as well as graduates.

There was a growing distinction between those who claimed to understand the discipline of marketing and were totally committed to its benefits and those 'institutional elite' who (two in number) appeared not to understand the mysteries of marketing:

I'm not a marketer, I don't understand marketing really (OVC 12).

The same vice-chancellors made an inference to the tautology of marketing and suggested some of the notions of marketing appeared to serve cosmetic as opposed to practical purposes. Anecdotal evidence implied that while large sums were being paid to consultants much of the resultant literature was rarely referred to or utilised.

We have come up with this big paragraph … that describes the university, its values and aspirations and other than putting it on the front page of the forward plan no one has probably ever seen it … no-one could quote it, I couldn't quote it to you, it's full of words about the kind of place we aspire to be, about the brand package, the brand values … (OVC 12).

8.5 DIFFERENTIATION THROUGH BRANDING

Branding and the brand of the institution were clearly perceived as important by all of the 'institutional elite', who identified a link between the brand and focusing on what the institution was good at:

That brand of a university that is clear what it can do well, but also clear what it can't do well and concentrating on our areas of strength, that's very important (OVC 7).

While there was no obvious definition of branding it was evident that vice-chancellors saw branding as a means of communicating both internally and externally how the university saw itself and its role within the higher education sector:

we had to find some way of describing what we actually are … and really it's just about being honest about it and saying that's what we are (OVC 1).

It was also recognised as a way of positioning their institutions within the sector:

you decide on your product portfolio and what you are going to do … and you then invest in your brand … your positioning then falls into where it needs to be (OVC 8).

Once institutions had committed to a brand or a re-brand the solution involved re-badging buildings and repainting walls, and issuing staff with uniforms in corporate colours. Although, branding was closely associated with marketing, it was perceived as a specialist service requiring expert advice. Vice-chancellors readily admitted to employing external branding consultants to carry out expensive university wide consultative activities when contemplating the institutions' brand.

We involved consultants to help us with the rebranding and they came up with some strap lines ... we consulted the whole university … and that was a massive process of consultation (OVC 12).

In all of the cases studied there was an acknowledgement that identifying and committing to one unique brand was not without its challenges in such a diverse organisation. There was a concern about balancing the needs of the brand with the often-competing parts of the university, both externally:

It's given us some challenges … because the X brand is so strong around certain parts of the globe and we don't want to upset that (OVC 7),

And internally:

How do we affect the change needed to do that within the culture and the values system that exist in a university? (OVC 4).

It was evident that the 'institutional elite' believed the need for brands to be closely related to the Mission Statement of the university. Good brands, vice-chancellors, opined "resonate with external audiences" as well as "speaking to internal audiences-faculty, staff, students and donors-instilling pride in the institution" (Shampeny, 2003:1). Vice-chancellors explained how important it was that once brands were chosen that they were clearly communicated across all parts of the institution to ensure that only activities that correlated with the vision were undertaken. This often

meant that institutions were constrained from teaching or undertaking certain activities that conflicted with their chosen brand; as they were loathe to under-value the brand they had created.

> You know will we ever do a course in Mayan history? No, because Mayan history doesn't fit with our brand ... we can't make money out of it and it would cost us money to do it (OVC 8).

Differences arose in how the Mission Statement had been initiated and subsequently introduced across individual higher education institutions. For some (a minority) it appeared to be a top-down approach: "it was vice-chancellor led", or "so did we consult - no". For others it was professed to be much more of a consultative approach: "I suppose it was top-down and bottom-up driven"; or "we tried to engage everyone"; or it was a "tortuous collaboration process". One vice-chancellor, admitted that it was a question asked of all incoming vice-chancellors as part of the selection process, which calls into question the notion of engaging everyone in developing a vision, when you already have one which has been accepted and anticipated by the Board.

The reality and extent to which branding had been embraced varied from those who felt that "brand was absolutely crucial" to those who accepted that brands easily "become tired", and "mutate and change over time" and carefully chosen words included in Missions Statements quickly became unfashionable and needed to be tweaked and replaced by the latest buzzword. This idea that brands and Mission Statements were simply a means to an end was echoed by an anecdote relayed independently by two vice-chancellors whereby at a Mission Group meeting of twenty-six vice-chancellors only two were able to correctly identify their own institutional Mission Statements:

> And at a recent meeting of 26 vice-chancellors everyone knew ours, they didn't know their own … the Mission Statement is there for cosmetic reason (OVC 8).

This starts to problematise the notion of branding to a certain extent among the higher education sector and especially among Mission Groups, and raises questions over the feasibility of promoting differentiation (based on unique brands) as a policy

to sustain the sector. To illustrate this point even further it is worth considering the individual Mission Statements of the group interviewed. It is very difficult to distinguish between each of the institutions on the basis of these brief statements. The following Table 8.1 sets out to demonstrate the repetition and commonality in these statements by documenting the frequency with which certain words were used throughout the interviewed groups' Mission Statements. Admittedly, all of the institutions were post-92 universities (i.e. formerly polytechnics), but even so they claim to be very different entities, and yet when you consider their Mission Statements there is a general failure to define and articulate what individual institutions uniquely have to offer (Reisz, 2010). Nearly all employ the terminology of enterprise or innovation and refer to strengths in teaching or research, widening participation or relevance to the business community. It is difficult to reconcile the homogeneity so readily evident in these statements, with the notion of real heterogeneity present in their institutions as projected by the 'institutional elite'.

Table 8.1 Exploring the Diversity among University Mission Statements

Terminology	Frequency	Terminology	Frequency
Business	3	Learning	4
Creativity	4	Opportunity	3
Economy	4	Research	5
Education	5	Society	6
Enterprise	5	Staff	1
Excellence	5	Students	4
Individuals	2	Teaching	2
Innovation	2	Quality	3

Source: Taken directly from University Websites 2009

All of the vice-chancellors and their representatives where interviewed, recognised the role of the vice-chancellor as "Brand Guardians" (Chapleo, 2004) if not "brand owners" (Free, 1999) of the university brand. One interviewee quoted the University Articles that state that the Board of Governors agree the future direction, strategy, character and mission of the university on the recommendation of the Vice-Chancellor, and all concurred that it was a major focus of their role as Head of the institution. All of the respondents appeared to clearly understand the notion of brand in its widest sense, and understood that branding was more than just undertaking a cosmetic change and needed to incorporate the notions of values and reputation as well as the visual elements such as the logo.

The purpose or mission was deemed to be indivisible from the individual university brand, and was of increased and increasing importance. All of the respondents were aware of the key components influencing students when considering a university place i.e. location, reputation and course content (Morgan *et al*, 2001) and cited instances of market research specific to their institution that confirmed that people form perceptions of universities based on information that is often incomplete and incorrect (Kotler and Fox, 1995) which reinforced the need for strong branding and good marketing plans and strategies.

> Shortly after I arrived I did commission an external perception survey of the university ... and it turned out that the majority of people thought we were crap ...(*even though*) I've never been there, or met anyone from there (OVC 3).

While those 'institutional elite' interviewed clearly perceived the significant role that vice-chancellors could play in creating and promoting a successful brand, they were also able to comprehend the damage that leadership could pose to the branding exercise. A number of vice-chancellors were eager to recount details of their predecessor's inadequate attempts to brand and market the institution. This is supported by wider sectoral research that suggests that within higher education "the brand is vulnerable to the personal whim of the chief executive to a greater extent than many commercial brands" (Chapleo, 2008:132).

There was some dissonance around the issue of branding. Superficially the 'institutional elite' reported that they no longer suffered challenges, either internally or externally, when communicating one homogeneous brand for their institution. It was accepted that there had been historic problems around the notion of introducing one brand into such diverse and autonomous organisations, but that there had been a marked shift within academia both regards the perception and the execution of branding activities.

> I didn't want to do the rebranding, but you'd have to say the professionalism
> of the brand, the professionalism of those TV adverts it's just a step different
> from what we would have done five years ago (OVC 12).

There was a slight undercurrent in respect of the notion of sub-brands, which was verbalised by two respondents. The suggestion was that academics on the whole would still prefer to introduce a "sub-brand in order to demarcate something special" but that they were more often than not firmly persuaded to "live within the brand".

The extent to which branding/rebranding had occurred in the institutions studied varied. Three respondents had stories of recent rebranding activities; nearly all respondents admitted to harmonisation strategies whereby guidelines and templates had been developed in a bid to ensure institutional documentation was produced using common or shared logos and fonts to present a uniform identity, both internal and external to the university community.

> I took every publication from the university and I pinned it on a wall and I
> walked everyone past it and there were photographs that were wrong, out of
> focus, there were spelling mistakes, different colours, different fonts, there
> were letters that were dreadful, it meant, it was nothing, it was hopeless
> (OVC 8).

The three tales of rebranding varied immensely, in their narrative at least. Two vice-chancellors were keen to stress that their brand had simply needed refreshing and were eager to distance their experience from institutions that may have been forced to rebrand. The remaining respondent was quite candid in their story telling, and referred to the previous brand as "broken". Everyone in the study was aware that re-

branding did not always work, although they preferred to take their examples from outside their own sector:

> If you rebrand like the Post Office did … to Insignia or whatever, there was a
> real sense of why are you doing this? (OVC 4).

8.6 TALES OF THREE BRANDS

The following section documents three very different narratives of rebranding, undertaken within the post-1992 sector of higher education. The details are reported exactly as told to the author by three vice-chancellors, who were each driven by different motivations for repositioning their institution.

8.6.1 The Broken Brand

One vice-chancellor was keen to recount the rebranding of their particular institution, which they admitted was previously a weak brand with negative connotations. The OVC referred to bad publicity and the notion of place marketing in the sense that this particular university was located somewhere not traditionally associated with a university town. The respondent insisted that the exercise was not simply a renaming service but involved fixing things that the institution had previously been poor at, such as student recruitment and retention.

> We were also a damaged brand. We had a lot of bad publicity and we hadn't
> responded to it well and it's very difficult to repair a broken brand. We had to
> fix what was wrong otherwise all you do is damage the next brand (OVC 5).

The OVC pointed out that the exercise had had a massive impact on the university, and of the importance of branding. The vice-chancellor mentioned there had been some initial resistance to plans to paint parts of the university corporate colours, but swiftly countered that this resistance had been dealt with. The OVC cited improved League Table positions and increased student applications as evidence of the success of the exercise but offered no empirical proof to substantiate these claims, or the

correlation between them. Among the other 'institutional elite' who commented specifically upon the rebranding of this particular institution, it was felt to have been successful although there was a general sense that the exercise had been a necessary evil.

8.6.2 The Evolving Brand

The second vice-chancellor once again made clear in their story-telling that the location of their particular institution did not lend itself well to place marketing, and as such the institution was forced to ensure that the other services that they offered could compensate for the poor location:

> …. buildings, the quality of our learning resources, you know the quality of
> the student, the support infrastructure is better here than anywhere else you
> can go (OVC 12).

The vice-chancellor also suggested that there was a general perception that the old brand (which they indicated comprised of the logo, the signage on the buildings and the institution's name) was holding the university back, and that this led to a review of the brand and its suitability for taking the institution forward. The OVC was candid enough to admit that others had put the idea forward and that it had in fact been generated by the arrival of some new, senior members of staff. During the process of the review the OVC revealed that the majority of current staff and students all preferred the old logo, although potential students and employers felt that the brand was somewhat outmoded. Extensive market research, led to a decision to "evolve" the old logo and to change the institution's name, although the OVC was adamant that it was not something that the university had to do.

> And so what we have ended up with ... the new logo is an evolution of the old
> logo. And what we've said is we are not starting again, we are saying we are a
> university who has come the distance. We are proud of our heritage. We are
> going to grow from our heritage. We've evolved from that (OVC 12).

The respondent also reported that the ultimate decision to rebrand had been supported unanimously by the Board, which was an important factor in its successful

implementation; and that the exercise had been very, very well received (both inside and outside of the university) and hugely successful despite it being early days. Again there was no empirical evidence offered as proof of the success of the exercise. In this instance it was clear that the brand was perceived to be the whole package, from the aspiration of the university, the services it offered, its buildings and estate through to "the way we design the cups" (OVC 12).

8.6.3 The Lost Brand

The final tale of rebranding involved an institution that was based in a city that suffers from a weak brand, which added to the problems that the extant institutional brand was suffering. The vice-chancellor admitted that nobody knew where their institution was under its previous nomenclature, and that it had taken a number of attempts before the institution had got the name change right.

> Oh, the name change that's quite interesting … started off ... but you can't say
> it … Absolutely fantastic but no one knew where it was ... and third attempt
> no one knew what it was (OVC 4).

This OVC was much more forthright concerning the issues of branding and marketing and concluded that "if it doesn't work, put it right". The actual rebranding exercise was fairly wide ranging in nature and included changing the name of the institution, to repainting and relabeling buildings in a more corporate manner. The vice-chancellor was adamant that the exercise had contributed significantly to the lift in profile experienced by the university:

> It has significantly contributed to our profile lifting (OVC 4).

The OVC proffered prizes for knowledge assessment work, a significant rise in student applications and a tremendous result from the research assessment exercise as indicative of the success of the rebranding exercise, although was honest enough to admit that it was not possible to know the real causal links behind these increases.

> We have had a very good run and what I mean by that is since we've done
> that, we've had a tremendous result from the Research Assessment Exercise.
> We've won many prizes for our knowledge transfer work, student applications
> you've seen what happened to those (OVC 4).

Other institutions that were familiar with the rebranding/renaming exercise were more vocal in pointing out the controversy that the exercise had caused, citing over eight hundred on-line complaints.

> We looked on the website and there were 800 and odd posting from people saying it was the worst thing they had ever done … so I think xxx got a bit of flack round the edges (OVC 12).

8.7 THE IMPORTANCE OF PLACE

The following section examines how the competitiveness of the enabling environment is perceived to be important to value chain analysis, and in particular how new forms of knowledge are being extended to and drawing on location(s). It explores how influencing and appealing to the locality is increasingly pursued by vice-chancellors as a means by which higher education institutions can improve the functioning of their value chains.

The 'institutional elite' repeatedly referred to the importance of location to a university's brand, reputation and profile. Vice-chancellors acknowledged that place had a vital role to play not only in the development of the local economy, and the evolution of the national economy, but also in the well being of individual institutions. At least two representatives suggested that location was the only real element of distinctiveness that universities could draw upon.

> How can you be distinctive in the market where everybody does the same thing, apart from location? (OVC 9).

In a number of cases where institutions were located near and in cities it was apparent that the issue of place was viewed as particularly challenging. While the benefits of having a visible presence in a city included a potentially large student population on hand, it also meant that the university was constantly being asked for favours:

> The community sees us all the time, they are always asking for us (OVC 8).

Some vice-chancellors perceived the location debate to be bigger than the institution itself and insisted that what was needed was the promotion of a particular city rather than the individual promotion of institutions that were resident within and or around it.

> I think that one of the big brands that we've got to sell is the X brand and hence marketing X as well … X should have a much higher profile (OVC 4).

It was evident in all cases that its association with a particular location could either positively or negatively affect a university's reputation and profile. There was a general distinction made between places like Oxford that had positive connotations:

> The Oxford name gives you a long way (OVC 11).

While other locations were not perceived in such a positive light:

> Some towns just aren't seen as university towns (OVC 5).

At least four VCs acknowledged the limitations of the location of their universities. They felt that it was possible to overcome the negative connotations of place but that it involved ensuring that all other parts of the university from the courses that it offered, to the residential and teaching accommodation had to be above reproach.

> X is not the best place in the world; I mean let's be honest … So we need to up the quality of what we do and the niche USP of what we do has to make it something where people will say I am even prepared to put up with X to do that (OVC 12).

From the evidence collected it was clear that in all cases respondents considered the local area to be of significance for a number of reasons. In most cases the majority of the student body was comprised of students who emanated from the local/surrounding area:

> Certainly the X radius around the campus here is very important (OVC 5).

The proximity of competitors (i.e. the number and nature of other higher education institutions in their locale) also had a profound effect on the institution and its success:

> So there is no university within 40 miles of us really. It's a very nice position to be in (OVC 12).

Without exception the 'institutional elite' acknowledged the role that their institution played in contributing both economically and socially to the well-being of their surrounding area.

> We have a huge impact on the community… and we influence the economy of the town (OVC 12).

The range and extent of the university's commitment to its communities varied from attempts to address social issues, such as drug dependency:

> X has got a huge drug problem and so you know that's another area … we want to support and improve the quality of life and help (OVC 7).

To delivering initiatives design to tackle unemployment in the region:

> Regionally we are probably one of the main deliverers of the RDAs Skills Agenda and Business Support Agenda (OVC 2).

And repaying the local area for supporting the institution:

> Part of our local mission and the fact that we believe in pay back to X (OVC 9).

There was an unambiguous correlation between the location of particular institutions, the proximity of competitors and the extent to which universities were committed to local, regional or national agendas:

> Locally we are totally committed to the area (OVC 12).

The number and nature of committees that vice-chancellors and other senior staff were members of expressed the level of commitment to regional and or local needs:

Wherever there is a regional agency someone from the university is part of it (OVC 3).

The following Table 8.2 sets out to demonstrate the range and scope of institutional membership of local, regional and or national bodies. This table does not claim to be in any way complete. Its purpose is simply to highlight the extent to which institutions claim to be involved in both local and national agendas, and to expose the inherent institutional relationships. The level of engagement in local, regional and or national forums varied from institution to institution but tended to reflect both the nature of the location of the institution and the particular character of local competition (in the form of other higher education institutions). At least two vice-chancellors suggested that such was the importance of their university to their local area that they were party to all decisions concerning the vicinity. Neither of these institutions was located closely to any other higher education establishments:

Nothing moves in those two places that the university is not part of (OVC 3).

Other institutions were less fortunate in the respect that they had proximate neighbours and duly recognised that this weakened their position within the local area.

No, things will move without us knowing … and I would want some things to happen here without everybody knowing about it because you know you are in a competition (OVC 8).

It was manifest that the relationships with local and national organisations were not entirely devoid of any self-interest, and that universities were fairly astute in spotting opportunities from which they could ultimately benefit. Anecdotal evidence included tales of vice-chancellors devoting large amounts of time cultivating relationships with external parties to persuade their business or association to relocate into the district:

I spent the entire day trying to convince the Football Association that X should be a venue for top flight football, the quid pro quo I expect is that when we've got something on and I need the City Council they will come in behind us (OVC 3).

Table 8.2: Relationships with Local, Regional and or National Bodies

	Local/Regional and or National Organisations	
U1	CBI (National level) Regional Development Agency XX Science Industry Council Local Authority HEFCE	TQSE (Teaching Quality and Student Experience Committee) UUK University Alliance
U2	HEFCE Strategic Management Groups Trac Development Group XX Higher Skills Network Learning and Skills Council	Chamber of Commerce (Regional level) Million Plus UUK CBI (Regional level)
U3	City Council HEFCE	UUK Million Plus
U4	Association of Universities XX UUK	Million Plus
U5	AimHigher Regional Development Agency Science City	Chamber of Commerce (Local level) UUK University Alliance
U6	HEIF projects HEFCE TQSE (Teaching Quality and Student Experience Committee)	HEA UUK Million Plus
U7	HEFCE HE Policy Institute Equality Challenge Unit	UUK University Alliance
U8	HEFCE Xx Cityscape City Council Universities Mutual Association Limited	Life-long Learning Network Chamber of Commerce (Regional level) UUK Million Plus
U9	HEFCE RDA (Regional Development Agency)	UUK University Alliance
U10	HEFCE Regional Development Agency CBI Science Innovation and Technology Centres CBI (Regional level)	Chamber of Commerce (local level) City Council UUK Million Plus
U11	Funding Council Quality Assurance Agency	UUK

Source: Author (2010)

*To ensure confidentiality is retained throughout the dissertation institutions have been randomly given numerical values U1-U11. This does not correspond in any way with the numbering attributed to the OVCs.

Equally the 'institutional elite' were clear that their time was precious and that they needed "to choose very, very carefully what it is that you do and where you do it".

The representatives were quite unambiguous in that they only aligned their institutions to bodies that would ultimately bring advantage to their own institution, and clearly recognised the benefit of belonging to such organisations:

> It's part of being at the table and externally influencing constituents that are important to us (OVC 3).

They also recognised the need not only to choose their audience (i.e. which bodies to join) but also to select appropriate communication methods dependent upon their target audience:

> We always talk about the local, the regional, the national and the international and we structure our communications to address different audiences across that (OVC 8).

Anecdotal evidence appeared to suggest that the significance the local area attached to the institution was often reflected in the importance, with which the vice-chancellor was viewed, and their inclusion and or exclusion in local and or regional issues.

> If you go to X and say name the 10 most important people in X, seven or eight names would be common on everyone's list: the Chairman of the Football Club, the Mayor of the District, the Vice-Chancellor of the University would be common on everyone's list (OVC 12).

The importance that the 'key informants' attached to place was substantiated by a number of assertions that given the global economic downturn changes were likely to take place in education (i.e. increased tuition fees etc.) that would force the issue of place to the fore-front of student's decision-making when choosing a university:

> There will be certain pressures on the health of young people - their ability to take on debt that will affect their decision-making on where they go (OVC 8).

8.8 CONCLUDING REMARKS

Drawing on the experiences of the twelve 'institutional elite' this chapter documents what they perceive as the main changes that have occurred across the sector and the changed nature of the role of universities. It is possible to identify the increased importance of a number of functions, namely marketing and branding. These functions are discussed in detail, culminating in the exploration of a number of specific rebranding case studies. Although it was difficult to ascertain the monetary value of these activities (both marketing and (re) branding) wider market research suggests that the sums involved are significant. For example, one university (not interviewed as part of this study) is reported to have spent £20 million on sponsorship deals alone (Grimston, 2010). The 'institutional elite' in this selection were fairly reticent on this point offering up little or no information. A couple mentioned in passing on going relationships with established teams and developing relationships with emerging individuals in the sports world. What was evident was that *upgraded functions* (marketing and branding) were considered particularly important and hence occupy significant positions within the value chains of universities, often driving key decisions about new products and innovations.

Particularly insightful, for this research study were the revelations attached to both the significance of (a) the geographic location of the university and (b) the notion of differentiation upon the constitution of value chains within higher education. It is evident from the responses in this chapter that the marketisation of higher education has encouraged universities to reorganise their value chains in a bid to distinguish themselves from other similar institutions in an increasingly contested market place. Both the notions of differentiation and place have significant implications for the existing value chain model, which will be discussed in the following chapter. In turning to the next chapter and a discussion of the main findings the study starts to question the integrity of the value chain framework as a means of analysing (quasi)-public/ service sector type organisations. It sets out to combine and converge the findings from both the primary and secondary data to establish a number of conclusions in response to the research question and objectives raised in Chapter One.

CHAPTER NINE

DISCUSSION AND CONCLUSIONS

CHAPTER NINE

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9.1 INTRODUCTION

Change within (international) systems of higher education has become almost ubiquitous. However, the extent to which higher education institutions have chosen to re-engineer their value chains along market-centered lines remains relatively unexplored. The overarching aim of this thesis was to investigate the relationship between marketisation in the context of the knowledge economy and the fragmentation of knowledge in the higher education sector and the implications of these for value chains in English post-1992 universities. Chapter Nine sets out to examine the principal findings and conclusions arising from this study.

The chapter addresses the following questions: to identify the different forms of knowledge present in the value chains of post-1992 HEIs in England; to draw conclusions about the applicability of the 'value chain' framework to post-1992 HEI's in England; to identify and describe other factors/relations outside the reach of the 'value chain' framework that may have influenced the business models of post-1992 HEI's; to draw wider inferences about the applicability of the 'value chain' framework to other (quasi-) public/service sector type organisations, including the broader higher education sector and to consider the extent to which the process of change within the value chains of post-1992 HEI's has been one of rhetoric or substance.

The research methodology sought to access insights from a significant percentage of 'institutional elites' in the post-1992 higher education sector through twelve semi-structured interviews, and further from documentary analysis of a wide range of secondary data, including: policy statements and reports from national governmental and non-governmental bodies; and mission statements and strategic plans for individual institutions. It proved possible using this combination of data collection and analysis methods to catalogue and contextualise the changes that had occurred

across the higher education sector. This combination of research methods resulted in contributions in three specific areas.

Firstly by using secondary data (documentary analysis) supported by knowledge generated from the review of the extant literature, the mapping of a broad value chain for a 'typical' post-1992 HEI was facilitated (see Figure 6.2). The term typical is used to capture the hybrid nature of this exploratory model, which was built upon data gathered from a number of post-1992 HEI's and other external sources. Secondly, the use of primary data enabled the author to collate a more nuanced and contested view of value chains. The collection of data from the 'institutional elites' allowed the author to: compare the substance and rhetoric in changing value chains; to consider the different forms of knowledge that comprise value chains at an institutional level; and to examine the import of the role played by a number of other factors including agency in re-shaping value chains within the HE sector. Thirdly drawing together the findings from these two areas offered an opportunity to reflect on the extant value chain literature, and to produce a typology of knowledge and value in higher education (See Table 9.1). Finally, this generated a number of novel suggestions to enhance the literature by incorporating new insights which were focused less on private sector and manufacturing type organisations.

In the sections that follow there is a discussion of the main findings from the data that relate directly to the research questions. The chapter then moves onto consider a number of conclusions that can be drawn from these findings. In particular, it explores the broader significance of this study and its implications for the value chain conceptual framework. In reviewing the specific contributions made by the 'institutional elite', the work is able to offer a more insightful view of value chains, and one which is more predisposed to organisations operating within a service and or (quasi-) public sector environment, specifically the higher education sector. In closing the chapter discusses the limitations of this study, and identifies opportunities for further related research within the field of (quasi-) public/service sector value chain analysis.

9.2 THE FRAGMENTATION AND COMMODIFICATION OF KNOWLEDGE

Three principal and interrelated themes that emerged from the research were the increasing influence of marketisation on higher education, the attendant fragmentation of knowledge in the context of the knowledge economy and the rhetoric of the knowledge economy. These were closely related to the subsequent changing perceptions of the nature of the university, the content of academic work and the role of knowledge. Vice-chancellors were particularly concerned with the need for their institutions to remain viable in the market place, with frequent reference made to private sector practices and business models. This next section focuses on the first of the subsidiary research objectives by identifying and reflecting on the different forms of knowledge being generated within and by universities in the post-1992 sector.

9.2.1 New Forms of Knowledge

It was evident, from a review of both the literature and the data, that the nature of knowledge itself had undergone a transformation in order to ensure that its value could be determined by narrower and more measurable parameters and metrics (Bosetti and Walker, 2009:4). Vice-chancellors made constant references to knowledge transfer partnerships (KTPs) and to commercial research and openly acknowledged that they were constantly looking for ways to re-package the skills and expertise of university staff, both individually and collectively, to sell in the market place. Knowledge was being effectively transformed in a perceptual, theoretical and practical sense into product(s). This initiated a review into the types of knowledge that were being generated by this transformation. Chapter Six had previously developed a map (Figure 6.1), which offered a conceptual gradation of the different types of knowledge being generated within academia.

This model was later used to test the author's assumptions, which emanated from the secondary data and literature reviews, about knowledge in academia during the 'key informant' interviews, which in turn led to a re-working of the earlier model (see Figure 9.1). In principle all of the 'institutional elite' acknowledged the existence of the proposed four categories or modes of knowledge: (1) Theoretical; (2) Knowledge

Creation; (3) Knowledge Utilisation and (4) Consultancy. A suggestion was made concerning the addition of a fifth category to capture more practical knowledge or skills relating to the area of Continuing Professional Development (CPD). This is referred to as Professional (Knowledge) (5) on the revised model. Subsequent analysis of the empirical data suggested the need for a further category (6) designed to capture the growth of knowledge and skills around activities such as the brand/ing and marketing of the institutions, which was deemed necessary for the survival of institutions and as such could be seen to influence both the relative shape and the size of the other five categories. In adding this sixth category (referred to as Business (Knowledge) the map can be seen to incorporate knowledge in the context of commercialisation (e.g. intellectual property and knowledge transfer) as well as reflecting the ideology of the market that universities are increasingly being expected to adopt as part of their re-engineering process.

The original map was largely unsupported by the vice-chancellors. They disputed what they perceived as the visualisation of a hierarchical linear process of innovation (from consultancy to theoretical research), positing that the research process was more fluid and integrated than was possible to demonstrate on a two-dimensional graph. The collaborative nature of the process involved in knowledge generation was seen to be absent from the visualisation, also. The idea that the knowledge categories were much more fluid and capable of morphing both in terms of dimensions and across categories than was original posited resulted in the dismissal of the grid in favour of a more relaxed arrangement. The 'ovals' deliberately appear as if floating in the arena of higher education, to reflect the notion that the knowledge process is not as inert as the previous map suggested. In this way the categories are not restricted to any set formation and can be seen to move around their environment, at any time colliding with or by-passing the other types of knowledge as new products/services and processes are generated or evolve.

Figure 9.1 A Re-Conceptualised Map of Knowledge In Academia
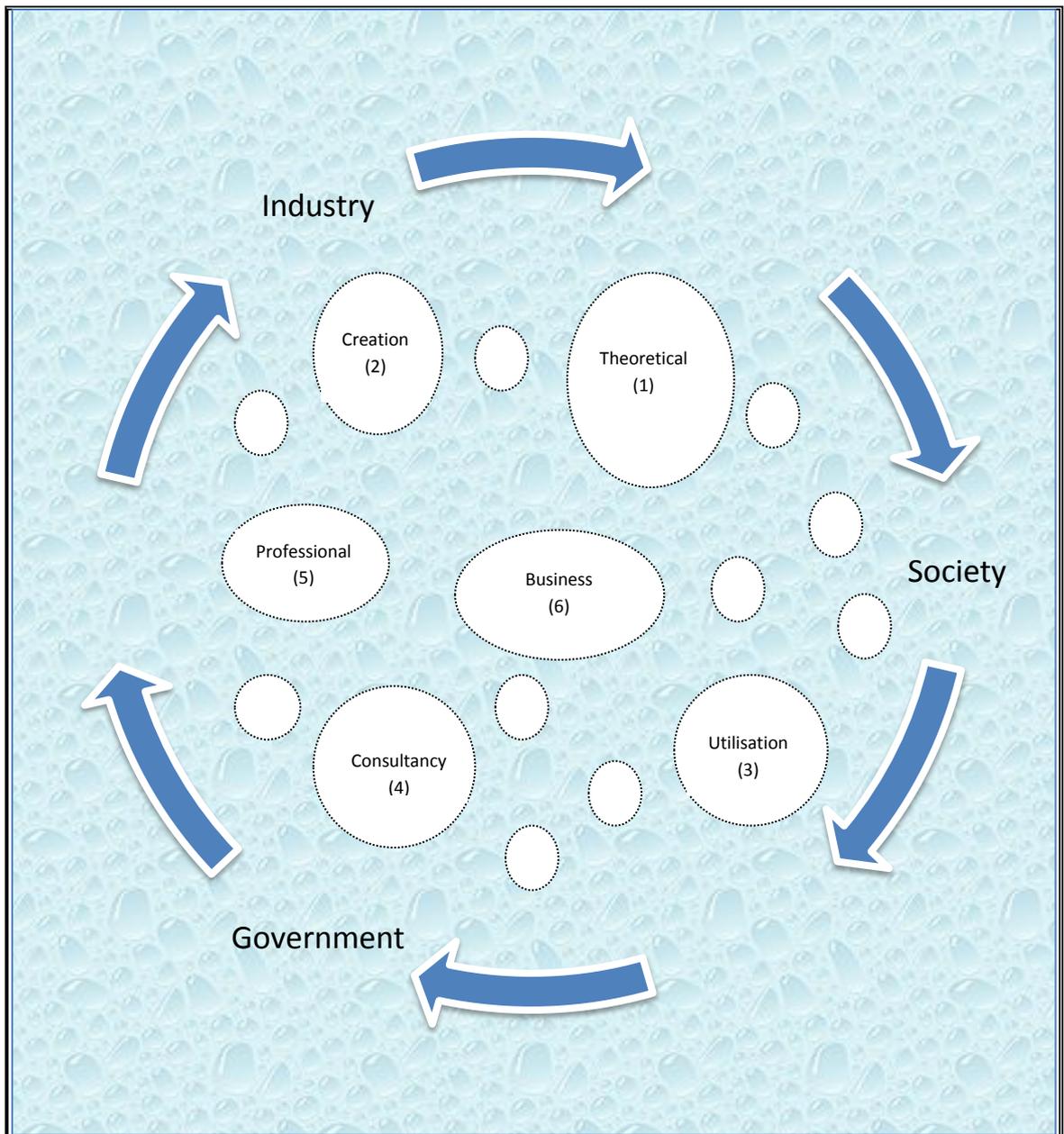
There was some debate also over the labelling of the y-axis on the original map. The contention being, in some quarters, that as knowledge is increasingly generated as part of a collaborative process it is inaccurate and inadequate to reflect the degree to which it is relevant simply to either society or industry. Further the idea that knowledge could be nearer or further from the market dependent upon its orientation was also rejected on the basis that theoretical knowledge may sometimes develop a market-based application and if this is the case may vary in the time it takes to reach the market. In the revised map (Figure 9.1) the arrows surrounding the knowledge 'ovals'

have taken on the persona of the y-axis from the earlier model, and as such reflect the extent to which knowledge regardless of its applied or conceptual nature can be adopted / utilised by the Government, wider society or is more industry-specific. This also permits a demonstration of the influence these external parties have on the creation of all types of knowledge highlighting the increased emphasis on the joint or several creation of knowledge (whatever its type). However, this notion of influence also reflects the sense in which the creation and germination of knowledge is shaped by (1) fiscal incentives via research grants and funding from public/private organisations, (2) innovation and ideas introduced from third parties into higher education (3) solution-seeking initiated from these third parties along with (4) various competing policy agendas such as widening participation, and the higher skills agenda.

What the model does well is to capture six modes or categories of knowledge, which the research suggests are current within post-1992 academia. These categories are: (1) Consultancy Knowledge; (2) Knowledge Utilisation; (3) Knowledge Creation; (4) Theoretical Research; (5) Professional and (6) Business. The notion that knowledge has been reformulated with the introduction of marketisation into the higher education sector is not new, but in enabling us to categorise knowledge and capture something of its evolutionary nature; we can now begin to physically map knowledge directly (or indirectly where it is embedded in processes or services) into the value chains of higher education institutions. This should help us to understand some of the changes that have taken place within the value chains of HEI's. For example, knowledge has been fragmented in such a way that previously conflated functions such as research and consultancy are now reflected in both *Theoretical Research* (blue skies thinking) and applied or more specifically business-orientated research (*Consultancy Knowledge*). At the same time stand alone consultancies have been established that allow the expert knowledge of academics to be packaged up and sold to external audiences (*Professional*). The inclusion of these additional categories also necessitated a return to Table 6.2, (see Table 9.1) which previously documented examples of fragmented knowledge. By using these new classifications it is not only possible to

Table 9.1 Examples of Fragmented Knowledge in Higher Education

Knowledge Creation (2)	Knowledge Utilisation (3)	Consultancy Knowledge (4)	Professional (5)	Business (6)
User-led research	General commercial activity (bids and grant applications)	Intellectual Property and Contract Services	Maximising use of workspace (business occupancy)	PR and marketing Activities (direct marketing and sales activity)
Collaborative R & D	Economic Development via ventures such as Train2Gain and Business Link	Development of overseas Franchising into Consultancy	Delegate days/short courses and conferences	Devolved business units
Licensing and spin out /spin in activities	Community-orientated services	Consultancy businesses (specialisation)	Business incubation	Client Management Strategy
KTPs & KTNs		Student projects and placements	Employer-engagement & professional development programmes	Management Information System
		Subsidiaries	Enterprise training and development for alumni	Enterprise training and development for staff

better differentiate between the types of activities that are now taking place in higher education, but it highlights the increasing importance attached to specific activities such as branding and marketing.

9.2.2 Privileging New Forms of Knowledge

This conflation and fragmentation of knowledge combined with the increasingly market-centred view of higher education has in turn led to the privileging of some new forms of knowledge. The most obvious indicator of this is the increasing resource that all of the 'institutional elite' have committed to functions such as marketing, branding and advertising. In all cases individual marketing departments, with significant budgets had been built into the business model. All of the 'institutional elite' interviewed considered differentiation via branding and marketing to be the best means of achieving sustainability for higher education institutions in the future. They were less clear, however, about how universities could claim to be different in a homogenous sector. There is evidence to suggest that these newly emerging functions have taken some of the autonomy away from the historic core functions of teaching and research. Whereas previously departments and individual researchers within them would choose what to teach, increasingly the curriculum is being developed in conjunction with marketing.

Again, all of the 'institutional elite' confirmed that their institution had mission statements and marketing plans, which would have been less likely a decade ago. The influx of marketing and branding into the higher education sector can be seen in its simplest terms as further evidence of the government's attempts to instil managerial techniques from the public to the private sector. The reduction in state funding per individual student has forced universities to compete for students locally and globally. In essence this has required universities to reconceptualise through a market-based and accounting logic (Lawrence and Sharma, 2002). There was little direct reference made to teaching throughout the interviews; reflecting findings in an earlier study by Bosetti and Walker (2009:4) that "branding and marketing take the front seat and education is in the back".

9.3 REFLECTING ON VALUE CHAINS

The value chain framework depicts a series of value-added activities including both inbound and outbound logistics for a firm (Rayport and Sviokla, 1994). By analysing these activities it is supposed that firms can redesign their processes to improve both their efficiency and effectiveness. Many critics argue that the model is unable to reflect the complexities of contemporary businesses, and that modern corporate strategies are just as likely to include collaboration and differentiation alongside competition and low cost (Stabell and Fjeldstad, 1998). This next section discusses, in a general sense, the theoretical application of the value chain concept to part of the higher education sector and in so doing contemplates three of the research questions (2-4), while reflecting on the value chain model proposed in Chapter Six.

Figure 6.2 is a representation of a value chain in its simplest form, and as such (in its current form) is little more than a flow diagram. What it enables us to do however is to chart the trajectory of marketisation and of the knowledge economy in higher education. All of the 'institutional elite' interviewed mentioned the reduction in public funding; the introduction of the Research Assessment Exercise, (and the forthcoming REF in 2014); student fees; the widening participation agenda and the influence of the government's push for a knowledge economy (although it was not directly referred to in these terms) as constituting the major changes that have occurred across the sector.

Evident also in the interviews was a drive towards centralised-decentralisation across the sector with increased evidence of institutional performativity (Shelley, 2005); as well as a move towards the commercialisation of a number of areas by the creation of subsidiaries. These concerns are all evidenced in the model. For example, the shifting focus of senior managers can clearly be seen in the formation of separate business units (SBUs) designed to generate additional revenue in areas such as contract consultancy. Equally evident was the proliferation of a number of emerging (in importance) functions, such as marketing and branding, and the corresponding redefinition and expansion and or shrinking of other traditional tasks (Etzkowitz, and Leydesdorff 2000). Teaching for example, expanding to include employability, to ensure that students can demonstrate the transferability of their academic knowledge

to real world situations. The model also highlights the willingness of institutions to open their doors to a wide number of partner organisations from complementary higher education institutions, to private providers and industry.

However, it is possible to begin to utilise the flow diagram (Figure 6.2) in a number of different ways. Value chain experts posit that it is unlikely that such analysis will ever consist of only one chain and that once the initial flow diagram has been constructed a number of other interpretations are likely per institution/sector. The refinements that tend to follow however are not generally concerned with documenting the chain in all its details, but more in the sense of quantifying the key variables as far as possible, substantiating in the text the meanings of numbers and arrows in the model, recognising the different types of relationships, and noting where qualifications (to the model and any assumptions made) are necessary (McCormick and Schmitz, 2001). With this in mind the initial value chain proposed by this work has been reused to demonstrate various chain statistics for the post-1992 sector / specific institutions. For example the following Figure 9.2 has been drawn up to demonstrate the number of workers employed in various departments/schools within a specific university. These figures have been extracted from data collected as part of the original documentary data collection exercise and as such can be found in Appendix 3. The figures are not the most current (2005/2006), but the purpose at this stage is to show how the value chain framework can be adapted to answer various business/research questions.

Figure 9.3 has been adapted in a similar fashion to include a different set of quantifiable key variables (which should enable comparisons between institutions or allow individuals to identify where value (in an economic sense) is truly being added within institutions). On this occasion the diagram maps the Key Performance Indicators (KPIs) for a typical institution. Across the sector it was evident that institutions were increasingly adopting more formal organisational structures as well as managerial processes and procedures, and there was an increased emphasis on measured outputs. For example, there was extensive evidence of institutions being involved in strategic planning, the production of Mission Statements and the implementation of marketing and branding procedures. This has been closely linked with the 'audit explosion' (Power, 1997) that has and is occurring both within and outside the sector. This can be witnessed in the growth of international and national

league tables (Holt, 2008, in Engwall and Weaire, 2008) and the rise of evaluation and assessment practices within higher education institutions (Shore and Wright, 2000).

A close analysis of a number of institutional strategic plans revealed that most KPIs could be directly mapped into and from national performance measures: for example, the measurement for the student experience directly correlated to the position of the institution in in the National Student Survey (NSS); the performance indicator for research and innovation was a reflection of the university's position in the Research Excellence Framework (REF), previously the Research Assessment Exercise (RAE); and for results in the area of employability and entrepreneurship institutes were looking to the Higher Education Statistics Agency (HESA) for its Graduate Employment Rate (by institution) figures. Figure 9.3 clearly shows how the performance/measurement culture has infiltrated the sector, and how marketisation has influenced the strategic drivers within institutions. The model is not complete and sets out to demonstrate above all that what we choose to map depends very much on the question we are looking to answer, and in so doing demonstrates the potential versatility of the value chain concept in its application to the higher education sector.

9.4 CHALLENGES TO THE CONCEPTUAL 'VALUE CHAIN' FRAMEWORK

9.4.1 Extant Literature Revisited

Before considering the main arguments presented in this chapter it is essential to restate the extant limitations of the framework. Both academics and practitioners have expressed concerns over the applicability of the value chain model to service and or (quasi-) public sector type organisations (Peppard and Rylander, 2006; Van Middendorp, 2005; Huws *et al*, 2009). Extant analysis tends to focus on value-added activities such as design, and research and development that are identified from the sequence of business functions in the value chain. Within service type industries, especially those (quasi-) public service sector type industries like higher education it is unlikely that this technique will capture the complete process that enables institutions to create a competitive advantage in the marketplace.

140 Technicians employed across core services

20 customer service officers

245: staff involved in general support activities – including LRC (Learning Resource Staff) and general admin support across teaching.

110 Managers

70: staff employed in Marketing and Media type activities

1515 Academics

210 non-academics

440 staff (some indirectly employed to manage estates/security etc.

55: staff involved in student support type activities includes pastoral care etc.

Total staff: 2910

105 staff providing centralised/decentralised secretarial type support

Fragmentation of Services

Home Students

Franchises

Distance Learning

International Students

Expertise

Consultancy

KTPs

T&D

R&D

Teaching

Research

Enterprise (3rd Stream)

1. Research
2. Teaching
3. 3rd Stream
4. Private Funding

Human Capital

Knowledge

Industry / Society

University

Upgrading of Services

Marketing | Estates | Student Support | Human Resources | Finance | VC Office | ICT

Outsourced

Security | Cleaning | Hospitality | Transport | Real Estate | Consultancy | Ventures

Figure 9.2 Deployment of Staff in UH 1 (Post-1992 HEI's)
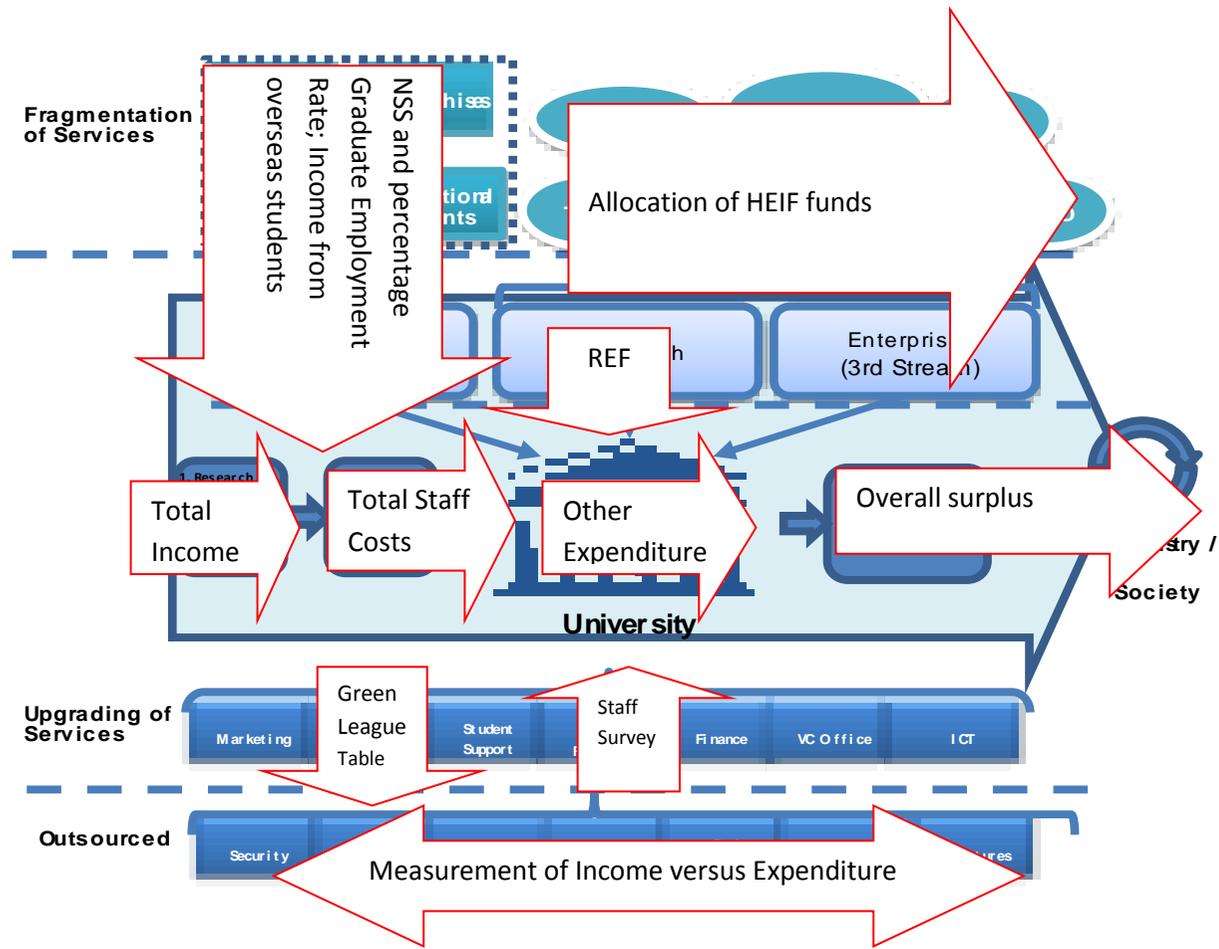
Figure 9.3 A Typical Post -1992 HEI Value Chain Showing Key Performance Indicators

Existing value chain analysis overlooks the different ways in which various economic actors work together between and across the sector to co-produce value. The Industrial Marketing and Purchasing Group are currently doing work in this area to address the wider role of value-creating networks but as yet Wilkinson *et al* (2011:10) among other researcher are simply leading the call for "more realistic models". Wilkinson *et al* are proposing the use of computer-based simulations to generate more life-like representations, although they are tending within their analysis, to focus on business relations and networks between firms rather than on single firm value chains (Wilkinson *et al*, 2011).

The nature of higher education as a service and more specifically a (quasi-) public sector service, conflicts with the overtly productionist nature of the value chain framework. This limitation, however, refers not only to the model's undeveloped view of consumption, but also to the limited practical applications of the model to the (quasi-) public/ service sector (Wood, 1999; Coe *et al*, 2008b). While the majority of studies and literature are centred on the private or manufacturing and industrial sectors, the phenomenon of 'consumer sovereignty and choice' alongside competition and collaboration is just as real for the public sector (Clancy, 1998; Macleod, 2006). More general studies carried out to date have tended to overlook the hierarchy of activities within the chain, and in particular the power of functions and processes like advertising and marketing in driving value chains. There has also been little attention paid, not only within the value chain literature but also on a wider level, to the behaviour of key actors within the higher education sector and beyond (Shelley, 2005) which have undoubtedly affected the business model outcomes of universities.

Beyond those existing challenges identified and discussed above and in Chapter Five, using the value chain conceptual framework to analyse the changing structure of higher education has highlighted a number of other factors, which are absent or need elaboration, if the application is to produce a complete rather than a partial analysis. The following section present and discusses the novel contributions of this study.

9.4.2 New Challenges to the 'Value Chain' Framework

According to Twigg (2002:78) "colleges and universities often have difficulty describing the traditional value chain of higher education". Similarly, Hamlin argues that within the sector there are a number of problematic issues such as:

> "Its multi-product nature; the complexity and lack of detailed understanding of the production processes; the difficulties in measuring outputs, and especially the quality of outputs; and the experiential nature of most of the outputs of higher education" (Hamlin, 1994:293)

The links in the higher education value chain, along with the more traditional roles of teaching and research, include a diverse range of activities: admission services, student services such as placements and counselling and enrolment services such as registration and financing. Increasingly, institutions are looking to share and or outsource such activities to create more efficiency. Business models are undoubtedly more sophisticated and more strategic, as is reflected in this research. Contemporary universities are looking to focus on their core competencies, following the example of business.

This dissertation will argue that attempting to apply the conceptual value chain framework to part of the higher education sector has uncovered a number of areas that are not afforded due consideration. In particular the following factors: the relative neglect of (1) types of knowledge (as value) (2) the (quasi-) public service sector (3) agency and 'institutional elite' (4) ideology as governance and (5) place tend to be underplayed or overlooked within the extant value chain framework. Each of these factors has specific implication for higher education, and as such needs to be stressed in any meaningful analysis of the sector.

9.4.3 Incorporating Knowledge and Value

Value chain theory tends to side step (intentionally or otherwise) the issue of knowledge in its various forms and subsequently any analysis emerges as implicitly technological deterministic (Contractor and Lorange, 2002; Johns, 2006). In general, writers on the subject of value chain theory lean towards a narrow conception of

knowledge, which favours scientific and professional-organisational type knowledge and underplays the more tacit, common sense type of knowledge (Moulaert and Gonzalez, 2005). In so doing value chain analysis tends to focus on the location of R&D centres and overlooks other forms of knowledge and sites of production (Henderson *et al*, 2002). We have already determined within this thesis that knowledge in academia exists in a variety of forms (see Table 9.1).

This study suggests that it is the production, diffusion and commercialisation of knowledge that is perceived to create 'value' within the value chains of higher education. In this sense labour is acknowledged here as an input (among others) which can be seen to act with knowledge to create knowledge. It is acknowledged that the contention that knowledge is representative of 'value' within the sector is itself not without its problems. Value is a complex and multifaceted notion, which is often misunderstood and misappropriated within much GPN, GCC and GVC analysis (Taylor *et al*, 2013). The notion is particularly difficult to conceptualise within higher education. The peculiarities of the sector in terms of values, mission, funding and beneficiaries mean that it is difficult to isolate the 'economic value' of knowledge from its more intrinsic value. The conceptualisations of knowledge and value used in this dissertation are deliberately simple. The intention of this thesis is to explore the applicability of the value chain framework to the sector and to discuss the derivation of value for the higher education sector not to engage with the academic sociological and or economical discourses concerning the theory of value.

Table 9.2 sets out to explore the links between the knowledge generated in universities (specifically in post-1992 universities) and the value created by this transformation. The earlier typology (Table 6.3) has been amended to reflect the findings and subsequent analysis from the empirical data, and the final two columns populated. The first column details the broad activities of atypical post-1992 university: Teaching, Research, Enterprise and Support Functions. Here Enterprise is used to categorise all third stream activities and Support Function to capture all other activities undertaken by and within universities outside of teaching, research and

TABLE 9.2 A TYPOLOGY OF KNOWLEDGE GENERATION AND VALUE IN UNIVERSITIES

Broad Activity	Type of Knowledge (Figure 9.1)	Practical Manifestations (Table 9.1 & Figure 6.2)	Beneficiaries	Value Created
Teaching	Knowledge Utilisation	Home Students International Students Franchisees Distance Learning	Society Institution Individual Industry	Intrinsic Monetary Value Partial Exchange Value Monetary Value
Research	Theoretical Research Knowledge Creation Consultancy Knowledge	R&D (collaborative and user-led Expertise (Consultancy)	Society Industry Individual Institution	Intrinsic Monetary Value Internal Value Enhancing Partial Exchange Value
Enterprise	Professional Knowledge Consultancy Knowledge Knowledge Utilisation Knowledge Creation	Intellectual Property and Contract Services Training & Development (including delegate days and conferences) Business Incubation KTPs/ KTNs Licensing and spin-out /spin-in activities General commercial Subsidiaries Student projects and placements	Society Industry Institution	Intrinsic Monetary Value
Support Functions	Business Knowledge Consultancy Knowledge	HRM Marketing (direct marketing and sales Public Relations Finance Outsourcing	Institution	Internal Value Enhancing

enterprise. The types of knowledge (the second column) are derived from Figure 9.1 and the desk research carried out to populate the original value chain model (Figure 6.2). The final two columns capture the essence of higher education. In reflecting upon the range of benefactors from each of the activities it highlights the problematic of measuring value in economic terms for (quasi-) public service industries like education. Using a spectrum of value terms ranging from where value is considered as (1) an 'exchange value' which is determined by the quantitative aspects of the product or service; (2) partial exchange value, where value can be seen in terms of both tangible and intangible characteristics; (3) internal value enhancing, where value can be seen reflected in the reputation and image of the university and or its staff; to (4) intrinsic, where value is considered largely in terms of intangible elements such as its contributions to society. The indetermination and complexity of assessing value is reflected in the assignation of the various value categories to the practical manifestations of knowledge. The typology demonstrates the difficulties in separating value that is created from the activities carried out by universities into clear categories. Knowledge in higher education would appear to be a mixture of exchange value and intrinsic value rather than an either or. The evidence does suggest however that there has been a shift towards knowledge being measured largely for its exchange and or monetary value. Hence, the table reflects the contradictory and complex nature of higher education and poses a number of fundamental questions concerning the usability of a model built upon identifying the value-adding activities for a particular organisation and or industry to a (quasi-) service sector organisation, like a university.

Particularly relevant for this research is that much of the literature relating to value chain analysis ignores the promotion of functions such as marketing and advertising (Olins, 2000), and the subsequent waves of change that these activities have brought to organisational structures and strategies. Advertising has become increasingly important in a rapidly globalising world and now plays an even more critical role in the production and dissemination of product knowledge, and ultimately in sales and production patterns (Hudson, 2008). The pervasiveness of brands and brand promotion has encouraged a number of large corporations to move away from manufacturing and to concentrate on the more lucrative elements of the value chain, involving brand management (Urry, 2001). The ways and means of measuring

and capturing the value of these activities in terms of internal value enhancing is a little fuzzy.

9.4.4 Applicability of 'Value Chain' Framework to the (Quasi-) Public/Service Sector

As previously mentioned much value chain analysis to date, although frequently applied, has tended to be employed to study industrial sectors. The service sector in general and the (quasi-) public service sector in particular, have been largely overlooked (Huws *et al*, 2009). Between 1994 and 2008 GVC analysis has been applied to industries including, coffee, cotton, horticulture, apparel and textiles, automobiles, computers, electronics, footwear, furniture, timber, tourism, and surgical instruments but services remain almost unstudied (globalvaluechains.org, 2011). In essence value chain analysis appears to have been used to elucidate on a narrow range of commodities, and is imbibed with a reluctance to look beyond a narrow range of manufacturing and agricultural industries (Wood, 1999; Coe *et al*, 2008b).

Normann and Ramirez (1993: 65) contend that the value chain model is as "outmoded as the old assembly line that it resembles", and that the model is no longer capable of capturing the complexity of modern business systems. Services are seen to pose particular problems for this type of analysis, as it is difficult to replicate the importance of relationships and networks to such business models in a sequence of linear activities. Stabell and Fjeldstad (1998:414) posit that the application of the value chain categories to service industries and organisations is more likely to "obscure rather than illuminate the essence of value creation", which is seen as essential to service type industries. As discussed in Chapter Three it is very difficult to define service industries (Blythe and Zimmerman, 2005; Carchedi, 2005) and this may to some extent, along with the notion that it is not easy to reproduce the supply process for services, explain the reluctance of theorists to attempt such analysis.

However, in a global economy increasingly dominated by services the lack of service sector case studies raises questions about the robustness and value of the model in particular around its universal applicability. In England, where this study is focused, services dominate the domestic economy, even more than in other core capitalist

economies. According to recent figures (2008) published by UUK with revenues in excess of £23 billion, the higher education sector is a significant UK industry (UUK, 2009), which makes this omission seem especially incongruous. Chapter Two narrated the government's determination to transform the UK economy into a knowledge-based one which is heavily reliant upon service industries given the country's competiveness in this area, which makes the applicability of frameworks such as value chain even more critical. Put simply, services have "undergone globalization … and are simply too large and important to be ignored" (Clancy, 1998:127-128).

9.4.5 The Role of Agency and 'Institutional Elites'

One of the most salient themes to emerge from the empirical evidence was the significance that agency in the form of leadership (vice-chancellors) has had on the changing shape of value chains within higher education institutions. The term 'institutional elites' which was coined to capture the pre-eminence of these figures, was adapted from The Sutton Trust's terminology, which referred to university vice-chancellors as the "the higher education elite leading our universities" (The Sutton Trust, 2009:3). The appropriation of a single nomenclature also represents the generic characteristics and traits possessed by those interviewed who appeared to present a fairly uniformed group (especially in terms of their age, race and gender) despite their attempts to present themselves and their institutions as unique.

This research contends that value chain analysis does not only fail to consider labour (Taylor, 2010; Rainnie *et al,* 2011:155), but also those 'institutional elites', who act as "active agents" and as such are able to influence the shape and structure of their organisation's value chain. The contention being that it is the action of key figures such as university vice-chancellors who perform on the edge of institutions and their boundaries and on the local, regional, national and political stage and interpret policies into institutional strategies that appear to have the most influence on the form that institutional business models take. Vice-chancellors, who are considered equivalent to company chief executives, as members of the 'institutional elite' need to be considered as economic actors within value chain analysis in much the same way as the collective of labour. The strategies of vice-chancellors create value, and like

labour, have the potential to upset the flow along the value chain (Quan, 2008). While workers contest value chains, vice-chancellors are the driving force behind much of the reshaping of value chains.

It was evident that the extent to which marketisation had been embedded into the institution correlated to the philosophy of its leadership. In the perceptions of those individual's interviewed and documentary analysis undertaken both before and after the interviews it was apparent that vice-chancellors were widely perceived as being key actors within the higher education sector. Their behaviours and values could be seen reflected in the overall shape of the institution and hence in the form of the value chain. For example, it was possible to map the viewpoint of the vice-chancellor, (from those who were pro-the 'business-facing' agenda to those who were less supportive), to the number of KTPs, consultancies and external ventures in each of their institutions. Those who were advocates of a commercial agenda tended to work in universities that had a larger number of KTPs and business enterprises. Obviously, it could be argued that the vice-chancellors were simply representative of the type of institution they were fronting. However, most importantly it was possible to trace the strong influence of vice-chancellors not only in persuading regional and national bodies to adopt strategies which were more conducive to their individual institution but also in instilling policy and ideologies into the university from outside. It is the ability of these individuals to perform in both their institutional settings and the wider operating environment that can be seen to influence value chains most. My contention is thus, for service sector industries and for universities in particular the conceptual value chain framework needs to be modified in some way in order that the influence of individual vice-chancellors upon the shape and direction of change within value chains can be adequately recorded and researched.

9.4.6 Externally imposed Governance and the role of Ideology

Governance within the framework of GVC is traditionally concerned with understanding the power relationships (between and within) chains involved in the capture of value (Robinson and Rainbird, 2013) by explaining the "co-ordination of economic activities through non-market activities" (Humphrey and Schmitz, 2000:4). The literature tends to focus on formal and codified type activities whereby the 'lead

firm' specifies what is to be produced and by whom and monitors the performance and the form (i.e. market, modular, relational, captive and hierarchy) that this governance might take (Gereffi *et al*, 2005). However, to truly comprehend governance it is necessary to explore the organisation and structure of managerial practices as well (Robinson and Rainbird, 2013). These observations and the call for further work to broaden the analysis of managerial control systems are not new (Kelly, 1985). In 1990 Friedman proposed a framework of managerial strategies concerned with maintaining authority over labour. This ranged from a stance of *Responsible Autonomy,* where authority was seen to be sustained by linking workers and company objectives, to one of *Direct Control*, whereby control was obtained by increasing control and coercion mechanisms.

This research study into the value chains of post-1992 higher education institutions has highlighted the importance of understanding governance for (quasi-) public/service type organisations. Given the heterogeneous nature of services and the wide variety of forms that service value chains exist in, the notion of governance takes on a particular significance. However, this research contends that within the GVC framework some of the power dimensions of governance are still concealed. In particular the particularities of value chains in higher education activities mean that the role of agency is underplayed (see section 9.4.5) and in turn insufficient attention is paid to the influence of agency of governance.

Kaplinsky (2000) introduced the notion that products and process parameters (or governance) can be influenced by external agents, such as government agencies and international organisations through for example health and safety regulations relating to producer design and manufacture. In 2010 Robinson posited that the control of inter-firm relations was exercised through governance as opposed to control and cited product specifications, quality standards, quantities, delivery dates and prices as characteristics of governance. Taylor (2012) introduced a similar notion in his analysis of global call centres when he posited that Service Level Agreements (SLAs) were the principal co-ordinating mechanisms of 'operational' governance. Taylor (2012) recognised differences in what he referred to as SLA metrics dependent upon the nature and size of the business.

The notion of 'operational' governance can be seen to exist clearly in the value chains of post-1992 HEI's. Here rather than SLAs when we discuss 'quantitative metrics' we are referring to staff and student numbers, income levels, Ref results and KPIs (Key Performance Indicators) as systems of managerial control. These metrics can be seen to influence the wider value chains of higher education, as opposed to simply manipulating expenditure and or income levels. As previously demonstrated in Figure 9.3 it is possible to directly map 'quantifiable metrics' in this instance (Key Performance Indicators) from regulatory requirements such as revised government funding regimes and qualitative standards (e.g. requirements for consistent quality and customer satisfaction) into the value chains of HEIs. By looking in more detail at changes in the overall income and expenditure for the sector (see Tables 9.3, 9.4 and 9.5) it is possible to determine the influence of aspects of governance on the value chains of the higher education sector. In this way we can see how governance within the value chains of service organisations is multi-dimensional and incorporates Taylor's (2012) notion of 'operational' governance. While the figures used here are broad and cover the whole sector it is possible to replicate this data using institutional specific data (see Chapter Six). Here however it is possible to make inferences for the wider sector based on these sector figures. Table 9.5 shows that the income received by institutions in England has doubled since 2000/01, with a slightly lower increase for other countries in the UK. The biggest increase is within the area of tuition fees and education contracts, which increased by 171.3 per cent in 10 years, due in most part to the introduction of variable fees in 2006/07. In this way we can see the influence of such 'operational' factors and concur with Taylor's (2010) insistence for their inclusion within the notion of governance for service organisations.

However this study argues that governance in these circumstances is above and beyond these systems of managerial control, it is concerned with the informal and tacit adoption of current ideology (the unwritten rules of the game); the influence these variants play in determining the patterns of value chain governance, and the general manner in which universities carry out their business. It can be used to explain seemingly irrational decision-making. For example in 2012 most universities chose to adopt the maximum tuition fee of £9,000, irrespective of any real cost considerations.

Table 9.3 Main sources of income received by academic year and country of institution 2000/01(£ thousands)

2000/01	England	UK Total
Funding body grants	£4,299,885	£5,355,777
Tuition fees education contracts	£2,589,365	£3,048,579
Research grants & contracts	£1,812,384	£2,207,228
Other income	£2,121,062	£2,589,948
Endowment & investment income	£245,949	£292,387
Total Income	£11,068,645	£13,493,919

Source: HESA Finance Statistics Return (FSR) 2000/01

Table 9.4 Main sources of income received by academic year and country of institution 2009/10 (£ thousands)

2009/10	England	UK Total
Funding body grants	£7,280,128	£9,043,115
Tuition fees & education contracts	£7,142,075	£8,272,137
Research grants & contracts	£3,499,088	£4,345,421
Other income	£4,134,377	£4,915,913
Endowment & investment income	£179,531	£219,201
Total Income	£22,235,199	£26,795,787

Source: HESA Finance Statistics Return (FSR) 2009/10

The main sources of income within higher education in England and the UK are shown in tables 9.3 and 9.4. All values in the tables are shown in units of £1,000, and where necessary have been rounded to the nearest £1,000.

Table 9.5 The Percentage Change in Main Sources of Income 2000/01 to 2009/10

	England %	UK Total %
Funding body grants	69.30	68.80
Tuition fees & education contracts	175.80	171.30
Research grants & contracts	93.10	96.90
Other income	94.90	89.80
Endowment & investment income	27.00	-25.00
Total Income	100.90	98.60

The decisions made were based on 'market logic', and in anticipation of similar decisions being made by competitors, and a fear of being seen to offer a lower quality product or service.

Beyond externally imposed governance the ideology of marketisation imposed a particular rhetoric. The term 'ideology as governance' therefore aims to expand the extant notion of governance and to capture the profound influence that for example (a) the subliminal infusion of business-like language and culture into higher education institutions, and (b) the adoption of business-like practices and processes, have had upon the shape and direction of change in value chains. Linking this notion to the previous point about 'institutional elites' as agents of change it is well documented within much of the business management literature that company Chief Executives have an intuitive grasp of the unwritten rules of his or her organisation, without which they would have failed to achieve their status (Scott-Morgan, 1994). Some of the 'institutional elite', for example, made reference to a simmering tension among their academic staff exacerbated by the tendency towards a quality audit culture, and the emphasis on measuring and assessing academic workload. (This tension is supported by wider research including studies by Fearn, 2008).

Further, by increasingly expecting HEIs to behave in a professional and business-like manner, institutions have been encouraged to recruit leaders, who are supportive of the overall orthodoxy of the knowledge economy and are capable of directing such an organisation. In this way the 'ideology of governance' can be seen as self-fulfilling, in the sense that it encourages the selection and promotion of those individuals who are most able to promulgate its values and ideals, and who will in turn recruit others with a similar set of values and behaviours. It is in this way that the 'ideology of governance' can be seen to permeate the entire length and breadth of the value chain.

The primary data (interviews) highlighted and underscored the increased usage of commercially and business-rooted language and values, which were evident within the various policy and institutional documents (primary data) which were mined for data during the systematic documentary analysis. Repeated reference was made to private sector practices and procedures, throughout the interviews and throughout the documentation for example Strategic Plans and Value and Mission Statements. Key

watchwords including "performance", "quality", "competitiveness", "efficiency" and "accountability" were used constantly, again in both mediums. This perpetuated the notion that the informal and tacit adoption of current ideology was in some sense a facet of governance. This informal or ideological type governance can be seen to have perpetuated institutions and affected the actions of both key and less significant actors within the value chains of higher education. 'Ideology as governance' then is implicit within both the overt commercialisation of knowledge and the changing nature of universities.

9.4.7 The Locality and the Value Chain

The unique resources and characteristics (or lack of them) of certain places have been shown within this research study to have particular implications for the reputation and profile of higher education institutions. This element needs to be reflected in any analysis of such institutions, and is particular poignant given the relative immobility of universities, and the fact that cultural, historic and geographical characteristics of a place often explain why certain activities occur there, coupled with the evidence that graduates frequently choose to stay and work in the city where they graduated. This also has wider connotations given the nature of the higher education industry. Recent immigration policy has made it more difficult to for graduates from overseas to remain in the UK, while countries like Singapore and Hong Kong are enticing students and graduates by offering easily accessible visas and seed funds (see Entrepass, 2012, for example). The location of a university creates value outside of its own value chain and has particular significance for both the local community and wider society. Analysing location-specifics is crucial to understanding the value chains of institutions. Recent research by UCU has suggested that the loss of £100 million to an East Midlands university would result in a total loss of £213 million to the region (UCU, 2010).

The empirical research highlighted (and was supported by the secondary data) the increasing importance of place or location to the overall reputational leverage of higher educational institutions, and hence their value chains. This is further evidenced by earlier studies that noted the significant role played by location in many of the more successful brands in higher education (Chapleo, 2008). Place and or location

were considered to be characteristics that could work both in favour of and against universities. There was a general perception that in a sector where academic quality was guaranteed by agencies such as the Quality Assurance Agency (QAA) and HEFCE, differentiators like location were likely to become increasingly important. The 'institutional elite' felt that where there was a clear city brand, which was in turn a desirable one, for example Manchester, then location had a very significant role to play in the university brand. However, where cities were felt to suffer from a negative image, this was assumed to detract from the overall brand of the institution. This tended in part to reflect the mixed experiences of those interviewed.

All of the 'institutional elite' alluded to the transformative power of universities upon locations. The suggestion being that it was possible for towns and cities to benefit from, and in some cases to be regenerated by, close association with a successful higher education brand. This notion of the impact of location is of particular import in a market that has rapidly become international. This is something that resonates with some of the 'institutional elite', and with economic geography literature, which suggests that the higher education landscape is not as "boundary-less" as some other knowledge-based industries, such as mobile phones (Peppard and Rylander, 2006). This also has implications for the transfer and diffusion of knowledge both within and outside of the value chain, particularly for universities.

9.5 THE RHETORIC OF THE KNOWLEDGE ECONOMY

This next section explores the extent to which the process of change within the value chains of post-1992 HEI's has been one of rhetoric or substance. From the evidence collated from the semi-structured interviews it was clear that a market-centred view of education had been adopted across the sector, although it was less-widely welcomed or accepted than officially reported. It was obvious that there was a division among those interviewed between those who were overtly committed to the notion of a 'business-facing' university and market-like practices and procedures and those that expressed more allegiance to a socially responsible rather than an economically reprehensible university. Ultimately as previously alluded to in this chapter, it was the fundamental philosophy of the leadership within institutions that could be seen to

affect the shape and form of individual value chains, and was largely accountable for any differences in the evolution of university business models.

It is worth pointing out at this conjuncture that the commonalities and discontinuities that have been identified in this research project taken together are useful in showing how institutions within a highly competitive and homogenised higher education sector have reengineered their business models to allow them to sustain their businesses. One of the most significant findings was that despite verbal evidence to the contrary it was possible to develop, albeit at a high level, a broad value chain for all those institutions interviewed. What this reflected was the juxtaposition of homogeneity and the complexities involved in creating differentiation in such a sector. It also emphasised the importance of a number of issues to universities that were outside the remit of traditional value chain analysis, such as the agency of leadership.

Throughout the interviews a number of variations emerged. While the core functions of higher education retain a focus on student education and academic research and scholarship, there has been a fundamental shift to include tradable services. Some of the 'institutional elite' interviewed were demonstrably uneasy over the shifting purpose of higher education; from a system designed to meet the needs of wider society to one focused on the economic demands of the knowledge economy. However, the majority of the 'institutional elite', especially those whose institutions were heavily committed to the 'business-facing' or entrepreneurial model of university were more accepting of the competitive pressures within higher education. Despite these vocalised differences, however, what emerged, in the course of the interviews was a universal shift in the thinking concerning the primary role of a university. Universities are now explicitly linked with the supply of work-ready graduates to industry and business. Vice-chancellors also accept that the view of a university as a producer of 'blue sky thinking' has been re-aligned to that of a supplier of relevant and applied knowledge, and any sense of the pursuit of knowledge for its own sake did not feature in the interviews.

Although, there was little dissent expressed by the 'institutional elite' when discussing the broad changes that had occurred across the sector since 1997, the interview transcripts highlighted significant differences in perception and experience in how

these issues had been dealt with across the sector. It was also clear that some institutions were more comfortable with the direct association of the post-1992 sector to industry than others. This could be seen in a correlation to the mission of individual universities and the core competencies of each institution. For example, those institutions that openly branded themselves as 'business-facing' welcomed the stratification of the sector given their degree of orientation toward business. However, other vice-chancellors, who provided a direct service to public services such as the police and the NHS, were less supportive of such initiatives. There was also a suggestion that although the language of new managerialism had been widely adopted, ideological commitment to it had not as yet been as readily secured across the institutions as some vice-chancellors might suggest. It is worthwhile pointing out that there is an inherent danger that where organisations in the public domain adopt the language of the private sector language they will neglect or overlook the values of public service. This was evidenced to some extent in some of the interviews.

The research also revealed a certain ambivalence among those interviewed in respect of the marketing function. While there was a widespread recognition of the necessity of such tools, they were still considered by some as rudimentary and lacking a certain academic kudos. This "clash of culture" has been widely documented in the United States of America by many authors including the marketing guru Kotler. Kotler and Fox (1995) subsequently developed a timeline depicting the evolution of marketing in higher education, which suggested that in the early days marketing is considered 'unnecessary', it then shifts to become 'promotion', later evolves to 'positioning' and in the final stages is considered as 'strategic planning'. The perception of some of the 'institutional elite' involved in this study was, that while the rhetoric might suggest that particular institutions were at the *strategic stage* the perceived reality was that the senior management might well be at the *strategic stage*, but across the institution many of the academic staff were still coming to terms with the *positioning stage*.

What is evident from this research and other contemporary literature is that there are still inconsistent perceptions surrounding branding across the sector. While some higher education practitioners clearly perceive branding to be a positive instrument for enhancing competiveness and reputation both domestically and internationally, others regard it less favourably. For example, research by Waeraas and Solbakk

(2009: 449) suggest that a university "may be too complex to be encapsulated by one brand or identity definition". Research, largely by branding and marketing consultants, suggests that academic staff continue to be prejudiced against the concepts of branding and marketing; perceiving branding to be little more than a change of logo, and failing to realise its full value (Kottasz *et al*, 2008). While some vice-chancellors were less willing to engage with the task of selling higher education, the majority were clearly aware of the potent force of brands and marketing in an increasingly competitive market place, and were fully supportive of the marketing function in a university. The following sections set out the main conclusions drawn from this study.

9.6 SOME CONCLUSIONS

'Public goods' (including services) tend to be goods that are underprovided in economic markets and yet are central to the workings of advanced economies and societies. In this sense higher education can be seen to be a public good. Increasingly however the marketisation of higher education is raising questions over its 'public good' nature. Many dispute that higher education can be classified as a public good as it fails to meet the principle criteria of non-excludability and non-rivalry, while others like Stiglitz (1999) contend that knowledge, especially basic research, is almost a pure public good. What is not debatable however is that while the imposition of a market view may well turn educators into service providers and students into consumers, it overlooks the significant contributions that higher education makes to the well being of general society (Gibbs, 2001).

It is worth remembering that HEIs remain nationally embedded. Fligstein (2001) estimates that about 80 per cent of production is nation-bound and dependent upon the state both for legislation and some resource support. While governments have been seen to devolve and deregulate to some extent in respect of higher education, not one has chosen to write itself out of the sector entirely. In fact national policy interest in the sector has increased over the past decade given that knowledge is perceived to be the driver of (global) economic competition.

9.6.1 The Knowledge Economy and the Marketisation of Higher Education

The picture that emerges from both the secondary and empirical data is that the notion of the knowledge economy has been accepted (at least superficially) as the orthodox narrative of the changing nature of higher education in England. The general lack of consistency in both definition and conceptualisation (of the knowledge economy) was reflected in the inconsistent responses from the individual 'institutional elites'. It was acknowledged that the ideology of the 'new' economy had altered the patterns and modes of knowledge production, which had in turn coerced universities to review their existing business functions and activities. Thus, this research study, congruent with extant literature, was able to establish a link between the marketisation of the higher education sector and the economic and social push in the UK towards a knowledge economy.

Universities, either working alone or in partnership, have been developing or evolving business competencies in order to continue to compete in an increasingly competitive market place or market space and to meet the demands of a knowledge-driven economy. These findings are supported by research undertaken by Wedlin (2008) and Altbach (2002), among others. From this it is possible to suppose that the marketisation of the higher education sector has in part been responsible for encouraging universities to reorganise or reshape their value chains to differentiate themselves in a progressively more competitive or marketised sector. However, although there is distinct evidence of marketisation it is important to note that it varies in extent and nature across the sector (Shelley, 2002).

In Chapter One marketisation was introduced as "the application of the economic theory of the market to the provision of higher education" (Brown, 2011:1). During the interviews marketisation as a phenomenon was generally accepted to embody a wide range of notions and ideas, which ranged from the spread of corporatisation and the adoption of strategic plans and performance measures to the commercialisation of an individual's research project. It was evident that all the 'institutional elite' interviewed, although the extent to which it has been embraced varied between vice-chancellors, perceived the marketisation of the sector as inevitable. It is important to bear in mind however that these reported responses are taken from the perspective of

senior management and therefore it is not suggested that all staff in the organisation support this view.

Despite being able to corroborate the close relationship that exists between the marketisation of higher education and the knowledge economy, the research was unable to conclude with any precision where the power lies within the relationship and as such whether marketisation had been and was continuing to be driven exogenously or endogenously across the sector. The empirical evidence supported the secondary data (policy documents from National and European governments and bodies) that both internationally and domestically, political demands and regulatory changes had and were continuing to drive through the marketisation agenda in higher education. However, the empirical evidence also provided ample evidence of internal stimuli. Anecdotal evidence (later evidenced by institutional data) suggested that entrepreneurial researchers, and highly motivated academic staff, including vice-chancellors were pivotal in instituting market-oriented reforms and determining the markets for and of higher education. This divergence in the study evidence is supported by a similar deviation in the literature. Writers like Kelsey (2009) support and advance the notion that marketisation has been introduced into the sector by external forces especially in the form of government policy and initiatives. While, others like Slaughter and Rhoades (2004) posit that 'academic capitalism' is much more evolutionary and accept that although the original catalyst may have been exogenous, the sector (in parts at least) was more than ready to welcome commercialisation (and in some cases had already done so) and is eager to promulgate its ideology.

9.6.2 The Knowledge Economy and Differentiation

The search for differentiation across the higher education sector is being driven by the government's desire to create a more diverse body of institutions providing more choice for potential students. Governments argue that HEIs need to engage in the production of more useful knowledge in order to become more responsive to the needs of the knowledge economy, and as such need to develop specialised missions and profiles, in order to increase the overall effectiveness of the higher education system, and to produce higher-quality outputs.

In order to encourage this specialisation and to create a level playing field for private operators delivering higher education the government has introduced a number of measures. These include: the removal of grants for subjects where private providers are able to compete; allowing students studying at private colleges access to the official student loan scheme and maintenance grants; and the introduction of a HMRC-led consultation to exempt commercial degree providers from having to add VAT to their tuition fees (McGettigan, 2012).

"How can you be distinctive in a market where everybody does the same thing?" was the cry of one of the OVCs during their interview. Despite the fact that the theme of differentiation runs throughout this study, both the empirical and theoretical evidence have failed to resolve this issue. We have seen from the empirical evidence that the OVCs desperately want their institution to be different from other institutions, but they are not clear how to achieve this apart from utilising the tools and techniques of marketing and branding. This is substantiated by recent research carried out on the wider sector by the Distinct project (www.distinct.ac.uk, 2012). While the more objective evidence witnesses the promotion of the erstwhile support functions of marketing and branding in the value chains of higher education institutions, it fails to identify how they will in practical terms add value.

Increased competition means that institutions need to be able to find ways to express why they should be the preferred choice for students and resources such as employees, donors and or partner organisations. However, the basis for the OVCs claims of distinctiveness were not clear. When asked what was distinct about their institutions OVCs gave similar answers. Generic claims were made on websites and in institutional publications, while the mission statements of individual institutions were largely indistinguishable from one another (see Table 8.1). Generally they tried to cover all bases including teaching, research and "third stream" or "knowledge transfer" activities, in a fairly balanced or undifferentiated manner. Some put particular emphasis on applied knowledge or social benefit. The only area that offered any consensus was the notion that location or place was likely to become even more significant as a marketing tool for HEIs.

The problem facing universities however is that at the same time as expecting them to be different, until recently they were being pushed by forces towards homogeneity.

For example, they were expected to compete for funding and a place in the league table based on a set of common criteria. Such conflicts still exist. Universities are expected to continue to develop strengths in widening participation, although the results skew the rankings of league tables (and not in favour of those participating institutions). As commented by one of the interviewed OVCs: "I could go up 23 places in the published league tables in newspapers by abandoning our Opportunity Programme".

Theoretically, the notion of differentiation is just as complex. The issue for the sector seems to be whether differentiation or de-differentiation will win out (Riesman 1956; Birnbaum, 1983; and Rhoades, 1990). In a study of the higher education system in the U.S.A. Riesman (1956) suggested that the tendency was for higher education institutions to move to the positions occupied previously by other institutions. According to Riesman, this is typical behaviour for HEIs, where lower status institutions try to gain status by imitating higher status institutions (especially the prestigious research universities). In turn this act of imitating, also known as 'academic drift' (Neave, 1979) creates a tendency towards homogeneity and decreases levels of differentiation. The theory of institutional isomorphism suggests in the face of similar environmental conditions organisations will be forced to adopt similar forms, which tends to lead to homogenisation (DiMaggio and Powell, 1983).

More recently the tautology of differentiation has been displaced by the phrase distinctiveness. HEIs are said to be searching for their own areas of distinctiveness rather than trying to differentiate themselves from other institutions. 'Distinctiveness' is concerned with an institution's identity, its values and the culture in which it exists (www.distinct.ac.uk, 2012). The fundamental issue remains that universities need to stand out in a marketplace where all the competition is offering the same basic service - teaching and research. They also have to make their case for differentiation or distinctiveness, against a system that still contains pressures to conform such as the excellence measures (which, in turn, influence student choice), which use key sets of comparable data.

This study has failed to answer the question whether in the higher education sector individuality will take precedence over commonality and whether survival will come down to a strong brand or identity. The future of the sector has yet to be played out,

but what it has done by interrogating the idea of differentiation in an homogeneous sector is to raise yet another area where the rhetoric of the knowledge economy is struggling to be converted into reality in the higher education sector.

9.6.3 Value Chains in Post-1992 Universities

This study has taken a novel approach to examining higher education in a manner more typically reserved for private business. However, as this study has noted the higher education sector is under increasing pressure from marketisation, and therefore the use of an analytical approach more often seen in the business world would appear justifiable. Higher education is increasingly seen as a service purchasable by those who can afford to pay for it (Naidoo and Jamieson, 2005). The more traditional models of higher education (those which are more focused on teaching and or research) can be seen to be morphing into something new. However, the multi-faceted and complex nature of higher education means that it is impossible to separate the notion of the marketisation of universities from the marketisation of academic work and vice–versa and this presents problems for the application of the value chain framework (Wedlin, 2008). At the outset this study noted the extant challenges that exist for the value chain approach including: the analysis of service sector industries and the limited attention paid to such variants as institutions and labour (Rammohan and Sundaresan, 2003: Taylor, 2010); as well as noting the attempts that had been and were being made to overcome these short-comings (Herod, 2001, Taylor, 2010).

However, this research goes further in suggesting that the conceptual framework of value chains is especially problematic when applied to the (quasi-) public/ service sector. Although, it is undoubtedly an important strategic tool, when applied to (the post-1992 section of) higher education, given the peculiarities of the sector, in its current form any findings must remain at best limited and or incomplete. A number of items are currently underplayed in the conceptual framework and until these are acknowledged, their absence will continue to have significant implications for the theory and practice of value chain analysis across (quasi-) public/service sector organisations.

In essence, this study posits that while it is possible to reproduce the flow of inputs and outputs for higher education using the value chain framework (Figure 6.2), and

even to use it to look at any number of quantifiable statistics relevant to an institution or the sector (Figures 9.2 and 9.3) the design of the current framework misses out key parts of the value chain story. It fails on all but a superficial level to communicate the importance of a number of factors, including the significance of economic actors/agents within and outside of the sector and in particular the influence of senior leaders or 'institutional elite' on the shape and form of value chains. Ultimately, this study recommends that the conceptual framework of value chains needs to be re-worked if is it to be applied successfully to a (quasi-) public/service organisation such as a university.

The marketisation of the sector can be seen to have affected the leadership of higher education, both in terms of agency and the ideology, which frames value chains. However, there has been little attention paid, not only within the value chain literature but also on a wider level, to the behaviour of key actors within the higher education sector and beyond (Shelley, 2005). The lack of thought given to the agency of leadership in value chain analysis has particular resonance throughout this study. The empirical evidence has revealed that the main driver behind the shifts within value chains (at an institutional level) toward a more market-orientated approach is likely to be the vice-chancellor. Vice-chancellors are economic actors and as such their behaviour(s) creates value and has the potential to disrupt and or influence the flow along the value chain. Also, the prestige with which a vice-chancellor is perceived within and outside of the higher education sector along with his /her perceived position within their own organisation has great influence upon the shape of value chains, both at a national level and in their own institution. Closely linked to this notion is the influence of informal types of governance (unofficial and tacit adoption of current ideology) upon the patterns of value chains. Currently both these factors are missing from extant value chain literature.

This study has evidenced also the increased importance of the fragmentation and commodification of knowledge for universities, and wider society and industry. This fragmentation is due, it is posited in some quarters, in part to rapid changes in technology, but more to the forces of the knowledge economy which are changing the way in which knowledge and information is both produced and distributed (Noam, 1995). Increasingly knowledge and research are afforded more importance when they

can be commercially applied. This has implications for business models. In the case of the post-1992 institutions studied as part of this research this fragmentation and commodification of knowledge has not only affected the hierarchy of existing activities within their value chains, but also has led to the introduction of new functions / processes. This supports the earlier contention that implicit within the conceptualisation of marketisation is the notion that universities have reorganised their value chains in a bid to differentiate themselves in an era of increased competition. Studies carried out to date have tended to overlook these new types of knowledge and the influence they have upon the existing hierarchy of activities within value chains.

Particularly relevant for those post-1992 HEI's studied here is the relative neglect of the power and importance of functions and processes such as advertising and marketing in driving value chains. Marketing and branding are increasingly playing a critical role in the production and dissemination of product knowledge, and ultimately in sales and production patterns. From both the empirical and documentary evidence it is clear that HEIs increasingly seek to differentiate themselves from others in the sector utilising the practice and techniques of branding and marketing and in so doing often, spend large sums of money. The practice of branding is only likely to increase along with the market system for tuition fees. Although, it is well documented that strong brands are generally preferred by consumers and attract price premiums (Hoeffler and Keller, 2003), to date there has been little research into the effectiveness of branding activity in UK higher education (HE). Increasingly branding of higher education is viewed with scepticism (Temple and Shattock, 2007; Mighall, 2009).

The prominence attached to the customer (student) and the market place by all those interviewed highlighted a correlation between the marketisation of the higher education sector and the subsequent reengineering of their individual value chains. This is supported by research by UUK that has identified a rising correlation between changing student numbers and an increase in the number of institutions offering courses in particular subjects, which suggests that higher education institutions have become more responsive to trends in student demand (UUK, 2008). Further, the 'institutional elite' recognised that they were now serving a number of distinct markets (local, national, international and distance learning) and that these required

knowledge to be packaged in differentiated ways in order to appeal to the various target audiences. This was reflected also in the increased significance that vice-chancellors attached to the locality in the construction of their value chains. Due consideration therefore needs to be afforded to the importance of place or location when examining the value chains of higher education institutions.

Given the relatively small size of the research sample it is difficult to make concrete generalisation from the findings. However, the use of mixed research methods, including multiple case studies employed in this study mean that any generalisations from the research findings are more likely or more convincing (Gordon, 1991; BERA, 2009). Therefore this research argues that it is possible to extrapolate some of the main research findings (based on post-1992 HEI's) to make some wider inferences about the value chain framework and its applicability to other (quasi-) public/service type organisations, including universities in other sector of higher education. In mapping value chains for any similar type organisation and indeed any other service type organisation the assumption is that it will be necessary to relax the manufacturing bias inherent in the extant framework. This research also assumes that the items that have been highlighted by this research as underplayed, but significant parts of the value chain story, will affect (1) similar organisation (i.e. other non post - 1992 universities); (2) other (quasi-) public/service type organisations such as social housing entities and charities and (3) potentially other service organisations in much the same way and that therefore any analysis for these organisation will be incomplete. Obviously the missing factors will vary dependent upon the specific nature of the organisation, (e.g. NHS) and as such will require further initial research.

In summary then this research accepts that the nature of (quasi-) public/service organisations like HEIs has changed and will continue to change. There has been and will continue to be a move towards the mass-marketisation or commercialisation of the sector, largely driven by the government's belief that knowledge is the key to the current and future competitive advantage of our nation. This shift in emphasis surrounding knowledge has had repercussion especially within the higher education sector where knowledge has become a commodity to be pursued principally for reasons of economic value rather than for its own sake. This has affected the how, why and what types of knowledge are produced within and by universities, and this in

turn has affected how such institutions are managed and can be visualised in the value chains of HEIs. The main contention here therefore is that marketisation can be seen to have contributed to the reshaping of value chains in higher education, as universities are pushed to differentiate themselves in an era of increased competition.

However, this research argues against the orthodoxy that such a sector can be studied and analysed by using models based largely on the manufacturing sector (and more often than not over-simplified versions of private sector models) without regard to the distinctive purposes, conditions and tasks of the service sector, (quasi-) public or otherwise. More specifically, this research suggests that while acknowledging its success when applied to private sector manufacturing type organisations, the extant conceptual 'value chain' framework is limited in its application to (quasi-) public service organisations. The study identifies a number of novel factors, which include the new types of knowledge generated within the sector, the agency of 'institutional elites' and the notion of 'ideology as governance' that need to be considered when conducting value chain analysis. This research does not go as far as to suggest ways in which these omissions should be incorporated into the current framework. However, it joins with the growing number of voices, including Wilkinson *et al* (2011) to call for a more sophisticated method of modelling value chains, which will allow the significant omissions noted in this research to be incorporated into value chains, so that in future richer and more insightful data can be mined from this versatile framework.

9.7 CONCLUDING REMARKS

In a general sense it is argued that the continual process of change has forced society to re-consider its relationship with all economic activity, including public and private goods and increasingly subject them to commodification (Scott, 2001). Over the last twenty years or so, universities have been subject to continual change in both their activities and their organisations. Many academics argue that this is purely a reflection of the process of capitalism, as it transforms all aspects of society. This new phrase of capitalism is often referred to as the new or knowledge economy (Hardy,

2005). This ethos of change has forced universities to rethink their roles within society.

The nature of this study has allowed for the presentation of its findings on two levels. Firstly, the documentary analysis combined with the initial literature reviews has produced an objective exploration of the relationship between marketisation and higher education; while secondly the primary data has permitted the evolution of a more subjective view of the changing shape and form of value chains, based on empirical observations of how the sector actually works. On a conceptual level the study has investigated the extant literature on value chains and posits that the current model requires some reworking to make it compatible with analysis of (quasi-) public/service sector organisations or more especially universities. This is where the significant original contribution of my research to knowledge is evident, in the presentation of a number of challenges to the conceptual 'value chain' framework. These challenges have obvious consequences for the conceptualisation of GVC, but could enrich the understanding and insights gained from value chain analysis for the public/service sector and higher education institutions in particular.

9.7.1 Acknowledged Limitations

The OVCs or 'institutional elite' have performed a dual role within this study. Firstly in their role as 'key informants' or vice-chancellors they provided the rich empirical which informed this work. Secondly, in their role as institutional leaders they were shown to be key to the introduction and implementation of change within university value chains. Vice-chancellors of contemporary universities are commonly likened to chief executives of large corporations (Bosetti and Walker, 2009). However, unlike large corporations universities work on the principle of academic freedom and consequently vice-chancellors are forced to implement policies and strategies designed to influence change rather than to impose it. This led those vice-chancellors interviewed to identify the need to change organisational culture as the biggest challenge facing them. This notion of the inherent challenges in cultural change accords well with research findings in previous studies involving vice-chancellors (Bosetti and Walker, 2009).

Arguably, however these 'key informants' reflect an area of weakness in this study. The research group consists of a number of leading figures within higher education institutions and as such this has implications for the impartiality of these findings, and for the generalisability of the results. The deliberate use of multiple case studies and mixed research methods (as discussed in Chapter Five) were incorporated into the original research design in order to counteract such concerns as far as possible and to enable the formulation of more reliable generalisations from the research findings (BERA, 2009).

Many of the research findings within this study have reinforced and concurred with the conclusions of a number of recent higher education studies carried out by a variety of researchers (for example Prichard, 2000; Shelley, 2005; and Dillon, 2007). This replication is important in itself as it establishes both the context and the validity of this study, which in turn legitimises a number of generalisation and postulations (based on a relatively small research group) made in this thesis on the basis of similar findings by others. In other words the fact that some of my research mirrors earlier research findings made by others, is in fact positive as it helps to underpin and bolster the status of this relatively small study upon which my more novel findings are built.

9.7.2 Future Research

In essence this research rejects the notion that 'one size fits all', and that business models designed for and by private manufacturing sector organisations can simply be transposed from the private sector into the public sector. They need to be balanced by approaches, which recognise the values of the public domain. By opening up the wider debate on the applicability and relevance of private sector models in general for (quasi-) public/service sector organisations, this research could influence a myriad of copycat studies looking at the relevance of various models and frameworks for the sector. Additionally, this could encourage further research into the higher education sector and the wider (quasi-) public / service sector. The service sector continues to dominate the UK economy and the importance of sectors such as education and health for both economic and social reasons continue to rise in significance. Existing research on the (quasi-) public sector is relatively limited however, and this study

recommends that it is time for academics and practitioners alike to relax the manufacturing bias.

In respect of the conceptual framework of 'value chains' itself, respective academics and practitioners might consider drawing upon or referring to this research with a view to improving or altering future models for (quasi-) public/service sector organisations. This study has suggested a framework for future research into the analysis of higher education institutions by producing a broad sketch of the new functions and activities inherent within the sector. It has identified areas, within the value chain literature meriting further research, which offer the potential to both explore and improve the same. It has posited that by drawing upon the notions of agents of change and the assets of locality, among other missing factors, it is possible to obtain a much richer and deeper interpretation of the value chain.

Although not the direct focus of this work, another possible area of investigation would be to study the implications of leadership in universities. Universities increasingly need good strategists and studies to date have suggested that academics are often best employed in this role (Goodall, 2011). The traditional core business of research and teaching have been supplemented with and by the notion of marketisation and the necessity of generating additional funds to cover the costs of research and teaching. This has encouraged in turn institutions to reconsider they way they are led. It was apparent from the empirical data collected that current leaders have to be capable of introducing and leading the changes necessary to sustain their institutions going forward in this 'new' environment. The 'institutional elites' who took part in this study were all individuals who: liked to be involved in everything; had a natural inclination towards leadership; expressed a special affection and or commitment towards the institution they worked in, and perceived themselves to be generally bad-followers (Goodall, 2009).

The research also raises a number of questions over the extent to which universities are being transformed into public corporations, and the inherent tensions in the sector as the ability of universities to meet their role in the knowledge society is threatened by cuts in public funding. Although, some research has already commenced in both

these areas (for example Marginson and Considine (2000) and (Sargeant, 2001) respectively), there is still much to be done. In particular there appears to be a gap exploring the real effects of commodification on higher education, and the potential that these forces may in fact make worse the things they are supposed to improve, particularly equity and quality. Additionally, this research has raised questions over the notion of branding and marketing and whether in a sector like higher education branding is in fact futile, or is the only way that universities can differentiate themselves. Early research suggests that as the signalling power of the university degree become more important to students, the strength of the university brand will be vital (Barber *et al*, 2013). Again to date there remains relative little study into the notion of branding in Higher Education.

The research also raises questions over the shape of the higher education sector in the future. There has already been much debate over how the sector might look. Going forward the only consensus appears to be that the sector is facing unprecedented change and that it is likely to be made up of a range of diverse institutions (Blass *et al*, 2010; Barber *et al*, 2013). There is growing speculation over the form that higher education institutions will take, but competition will increasingly be with entirely new kinds of competitors (i.e. not simply other universities) largely due to digital technologies. Some point to the growing influence of technology hubs such as the East London Technology City – which is a consortium of corporations and universities set up to encourage start up growth in London as predictive of the future shape of higher education institutions (UUK, 2012). Others offer visions of virtual campuses (Tett, 2013), and cite the success of the US-founded MOOCs (Massive Open Online Courses), and the UK's younger FutureLearn, which is an on-line university that offers free content from institutions around the UK. Mission Groups such as University Alliance suggest that the form will depend heavily on the social and economic role of universities going forward. Others suggestions include the evolution of a three tiered system of higher education along the lines of the education system in California, with a number of elite research institutions, a set of undergraduate state universities and a number of vocational colleges; a return of the binary divide; a growth of private providers and a number of hybrid type institutions including a group of post-2015 universities, that will focus on teaching and third mission type activities (Leadership Foundation, 2012). The notion that diversity will

be key to the future of the sector was raised in much of the literature and during the interviews. Throughout the research it has proven impossible to pin down this concept and a recent distinctness study suggests that this is still the case across the sector (www.distinct.ac.uk, 2012).

The following and final chapter in this thesis brings this research project full circle. It proposes a brief narrative of a number of key events that have occurred in the higher education sector since the collection and analysis of the data. The necessity to impose a timeline on any research study means that while the inclusion of a postscript chapter acknowledges the importance of these events, they are not reflected within this study or its findings.

CHAPTER TEN
A POSTSCRIPT

CHAPTER TEN

A POSTSCRIPT

10.1 INTRODUCTION

Time is one of the most important elements in any research design. Not only in respect of the time-scale for the completion of the research project, but also in the choice of the period that the research aims to cover. This thesis has already discussed in brief in Chapter One the rationale behind the decision that was made to conduct this research between 1992 and May 2010. Chapters One to Nine in this thesis have dealt with the literature and empirical research relating to the research questions raised in Chapter One. The discussions and contents within these chapters have been firmly guided by the time period chosen for this study.

Such has been the speed of change within higher education however that this study has involved researching a moving target. Therefore the aim of this final chapter is to briefly update the contextual nature of the changing higher education sector. This is important because many of the foundations for these recent policies were laid in the period under discussion in this thesis and can be seen reflected in some of the responses given by the 'institutional elite' interviewed. In essence then the time period chosen by this thesis reflects upon what was in effect the beginning of a transformational period in higher education and in closing this chapter serves as a reminder of the recent consolidation of policies, and attempts to reconcile the two.

The UK higher education sector faces a period of significant change over the next decade, as the transition continues from a centrally-planned to a market-based economy, and as such the issues under review in this thesis including for example the increased attention given to functions such as marketing and branding will only serve to be of more import. This chapter is divided into two parts. The first part reprises the recent legislation in respect of tuition fees and the higher education sector. The second part critiques a number of perspectives on the new legislation and considers the implications for value chains that this legislation is likely to have.

10.2 FEES

Launched on 9th November 2009 the Independent Review of Higher Education Funding and Student Finance was chaired by Lord Browne of Madingley, the former chief executive of BP and was tasked with considering the future direction of higher education funding in England. Its findings were published on October 12th 2010 and its recommendations included that the cap on tuition fees of £3,290 a year should be removed, and a tapered levy on institutions charging more than £6,000 per year introduced. Its proposals also included the introduction of a new system of financing universities, and that graduates would have to start repaying the cost of their degrees as soon as their earnings reached £21,000 a year, up from £15,000 under the current system (Shepherd, 2010). Its recommendations were met by demonstrations by more than 50,000 students and lecturers protesting against the plans to increase tuition fees (McSmith *et al*, 2010).

10.3 THE HIGHER EDUCATION WHITE PAPER (2011)

On the 28th June 2011 BIS published it's Higher Education White Paper for England 'Students at the Heart of the System' (BIS, 2011). The main premise behind the paper is that institutions will be "well funded in the future, if they respond well to student choice and focus on the quality of the academic experience" (BIS, 2011:14). The Government purport that good accessible information about higher education institutions will allow students to make better choices, while also forcing universities to compete on quality and value for money. The main proposals therefore reflect these ideas and the paper suggests that in future while graduates will have to pay more towards their degrees, in return the undergraduate experience will be promoted to the very core of the higher education system. In practice universities will be forced to become more accountable to their students, which it is hoped should lead to more student choice and an improved student experience. The proposals contained within the paper cover four broad areas. These areas include: reforming funding; delivering a better student experience; enabling universities to increase social mobility; and reducing regulation and removing barriers for new providers.

Reforming Funding

Under the new regulations HEFCE's role will change from being primarily a funding council to being more of a lead regulator for the sector (BIS, 2011: 67). Although, it will retain responsibility for funding higher cost subjects such as medicine and engineering, and public policies such as widening participation (BIS, 2011:15). The Government maintain that by "putting financial power into the hands of learners makes student choice meaningful" and creates a more "responsive system" (BIS, 2011:5). The White Paper also confirms the previously announced funding arrangements including its proposals to support poorer students, such as the National Scholarship Programme.

The National Scholarship Programme

According to the UCAS (Universities & Colleges Admissions Service) website the National Scholarship Programme (NSP) is designed to give financial assistance to those students studying in higher education in England, whose families' income is £25,000 or below. Any awards are payable directly to the students by the university or college at which they will be studying and as such each institution will have its own rules about eligibility, and what types of awards are available (UCAS, 2011b).

Delivering a Better Student Experience

A number of the proposals within the White Paper are specifically designed to enhance the role of students as consumers of higher education. The government's clear mantra is that "better informed students will take their custom to the places offering good value for money" (BIS, 2011: 32). The government plans to move away from the existing system whereby individual higher education institutions are bound by quotas specifying exactly how many students they can recruit each year. By opening up the student number controls the government plans to free up around "85,000 student numbers from current controls in 2012/13 by allowing unrestrained recruitment" (BIS, 2011:10). This means, in essence, according to the government that 65,000 high-achieving students (i.e. those with grades AAB or above at A level) will have a much fairer chance of attaining their first choice of university.

Some of the other key recommendations include the publication of KIS (Key Information Sets) data by all universities, whereby students will be able to directly compare institutions in sixteen areas including teaching hours, employment rates and future salaries of graduates. Universities will also be encouraged to publish anonymised information about teaching qualifications and the expertise of teaching staff (BIS, 2011: 29). The paper also sets out the government's continued commitment to "the economy's rising demand for higher-level skills" (BIS, 2011: 48). While acknowledging the work done to date to encourage increased cooperation between universities and business, the paper recognises that there is still work to be done to "promote better teaching, employer sponsorship, innovation and enterprise" (BIS, 2011: 39). With this in mind the government asked the former vice-chancellor of the University of Hertfordshire and HEFCE board member, Sir Tim Wilson to undertake a "review into how we make the UK the best place in the world for university-industry collaboration, which will inform the Government's research and innovation strategy" (BIS, 2011: 39).

Social Mobility

The paper acknowledges the "the problems faced by people from poorer backgrounds with no history of participating in higher education" (BIS, 2011: 7), and introduces a new framework through OFFA (Office for Fair Access) for ensuring that institutions meet their outreach and retention obligations. OFFA will remain independent but will be assigned additional resources to ensure that it is better equipped to monitor and review the implementation of individual institution's Access Agreements on an annual basis. The paper also contains a proposal for the establishment of a new single access point careers service (BIS, 2011: 56). This service is destined to provide comprehensive careers information, including advice and guidance on vocational study in colleges, training through Apprenticeships, and higher education, and is to be made available to adults and young people.

Competition and New Providers

Another key theme to emerge from the paper was the government's commitment to providing a more "diverse and responsive system" (BIS, 2011: 46) by opening up of the sector to alternative providers. The government believe that the best means of introducing greater competition and accountability into the market is by providing easier access for new providers such as further education colleges and the private sector. The government plans to introduce new legislation to ensure that all HE (higher-education) suppliers are able to access government support via students' loans, providing that they meet common quality standards (BIS, 2011: 47). The paper also proposes to review the current regime for obtaining and renewing degree-awarding powers (DAPs) and for applying for the title of university. Consideration is also being given to "de-couple degree-awarding powers from teaching" (BIS, 2011: 6) so that bodies could set and award degrees without teaching them or new institutions could teach degrees awarded by other bodies. The government has also expressed its commitment to encouraging colleges to grow their higher education provision.

10.4 THE FUTURE

In the context of the current economic climate the government has chosen to increase competition between universities and colleges and also to encourage the growth of private for-profit providers within the higher education sector, in a bid to deal with a severe reduction in the availability of public funding. The Conservative led coalition has also taken the opportunity to deregulate the sector in a similar manner used previously in the telecoms and airline industries, and to transform students into consumers (Cook, 2011). Currently the government is seeking further consultation on the overall package of reforms. They are also seeking specific input into a range of recommendations including the regulatory framework, and the early repayment mechanisms for student loans (see the timetable).

Timetable

28/06/2011   White Paper published

28/06/2011	Early repayment consultation launches
30/06/2011	Teaching Funding & Student Number Controls consultation launches
08/2011	Regulatory Framework consultation launches
02/09/2011	HEFCE consultation closes
20/09/2011	White Paper consultation closes
20/09/2011	Early Repayment consultation closes
10/2011	Regulatory Framework consultation closes
05/2012	HE Bill expected to be brought before Parliament

10.4.1 Adapting to the Marketplace

According to The Guardian there was little that was new in the higher education White Paper (Catcheside, 2011). This statement seems to reflect the realities of the interviews that formed part of this research project, as each of the 'institutional elite' seemed to have anticipated or expected much or most of the recommendations covered in the paper. Despite this apparent lack of novelty, taken together, the funding and regulatory changes recommended will undoubtedly remodel the sector over the next ten years, and accelerate certain developments, which are already in train. These measures can be seen to amount to the almost complete marketisation and privatisation of the higher education sector.

The consensus seems to be that those institutions in the "squeezed middle" or the post-92 institutions will be the most affected. The government's paper in effect makes one in four student places contestable. This contestability however lies within an overall cap on the total number of student places in the sector. Consequently if some of the tops ranked institutions choose to expand their intake, it will be at the expense of other less prestigious institutions, which will be forced to reduce their student numbers (Morgan and Baker, 2011). In essence the government is forcing higher education institutions at one end of the sector to compete for the best students and at the other end to compete on price.

Such is the nature of the sector that the post-1992 institutions are most likely to be challenged for students by the expansion of further education colleges and the growth

of private providers who will be able to offer shorter and cheaper degree courses. Existing universities will be forced to consider cancelling loss-making courses or subsidising them with more high volume courses and to consider the future of research within their institution(s). This seems to reflect much of the evidence collected within this thesis whereby some institutions may be forced to re-consider their core mission and all institutions will need to look even harder for an area of distinctiveness.

While the government contend that the white paper is concerned with putting 'students at the heart of the education system' the reality appears to be that students are picking up the shortfall in funding, caused by the £3 billion cuts to funding for teaching. It is estimated that average debts on graduation for students living in England will rise from £26,000 for students starting courses in September 2011 to approximately £60,000 for those starting courses in September 2012 (Wolfrey, 2011). This contention was vocalised by Aaron Porter, the president of the National Union of Students:

> Fees have been tripled and students have been exposed to the potential chaos
> of the market and yet there are still no concrete proposals for how quality,
> accountability and access will be improved (Coughlan, 2011).

There are also wider concerns about the perceived subordination of teaching and research to the forces of privatisation and competition, and about the very nature of the for-profit providers that are likely to enter the higher education market place. Research suggests that the graduation rate is as low as eight per cent at one such institution (Wolfrey, 2011). Private advice to ministers from the Higher Education Funding Council for England (HEFCE), published earlier this year, highlighted risks with the government's proposal to open up the sector to for-profit providers. HEFCE indicated that there was a high likelihood of private providers focusing on profitable students and subjects, and that existing universities would be placed at financial risk, and forced to consider rejecting less profitable (i.e. popular) subjects (Baker, 2011).
An alternative to the White Paper has been produced by the Campaign for the Public University which argues that the original legislation completely ignored the value of higher education as a public good and focused on the benefits to individuals of an

investment in their human capital, and of product development and contribution of economic growth to the economy (publicuniversity.org.uk, 2011).

10.4.2 Implications for Value Chains

One of the implications for value chain analysis is that this legislation is likely to intensify the tendency, towards the fragmentation and commodification of knowledge and other activities, as outlined in this thesis. Place marketing is also likely to become more significant as students consider studying closer to home, given that debt levels are set to treble. To contextualise the implications for higher education value chains; the vice-chancellor of Exeter University, which currently attracts around 20,000 applications for about 3,500 places a year, has announced that the university will be "investing quite heavily" in marketing and will be "very aggressively presenting ourselves" to prospective students. "The university is spending £400m developing its campuses, and is planning a 'contract' between students and the university, outlining what students will get for their money and what is expected of them" (BBC, 2011).

Increasingly universities will be forced to commit more of their resources to activities such as branding and marketing simply to attract students. As the UK higher education system moves to emulate the system in the USA research supports the notion that this trend is likely to deepen. Brown (2011) posits that research from the USA suggests that when faced with declining funding universities tend to resort to activities designed to increase their reputation and prestige (which is closely associated with the fees that they can charge); the 'bigger and better pathway'. He suggests that these activities are often nonsensical and cites the example of a university that on discovering that its original football field was under the current staff car park, decided to tear up the car park in order to restore the football field, without considering where the staff were going to park. According to Brown (2011) private providers in the USA are estimated to spend 25 per cent of their revenue on recruitment and advertising.

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APPENDICES

APPENDIX 1

KEY EVENTS IN THE PROCESS OF PRIVATISATION

Date	*Brief Details of Key Event*
1980's	1. Disposal of public land & buildings including sale of council housing 2. Introduction of Efficiency Campaign 3. Compulsory tendering of some manual services in local government 4. Widening of tendering process (3) 5. Inclusion of NHS support services to tendering process (3)
1981-1996	6. Privatisation of nationalised industries, utilities etc.
1991-1997	7. Introduction of internal markets in Health Service; establishment of trusts; separation of client & contractor roles
1992	8. Introduction of PFI (Private Finance Initiatives)
1990's	9. Compulsory tendering extended to white collar services in local government 10. Widespread outsourcing in community care 11. Quality tendering in civil service 12. Transfer/sale of services/assets to arms length companies etc. 13. Focus on internal markets
1998	14. Compulsory tendering terminated but continued focus on best value/performance management.
2000	15. Focus switches to marketisation and procurement 16. WTO starts new negotiation re GATS 17. Decent Homes Standard launched

Date	Brief Details of Key Event
2001	18. NHS Local Improvement Finance Trust launched 19. First SSPs (Strategic Service-delivery Partnership) introduced.
2003	20. National Procurement Strategy launched for local government
2004	21. EU draft directive on Internal Services Market 22. New Efficiency Campaign launched 23. BSF (Building Schools for the Future) launched 24. Regional Centres of Excellence established for procurement & efficiency 25. NOMS (National Offender Management System) introduced.
2005	26. Choice model promoted in 5 year plans 27. Independence & choice in Green paper on Adult Social Care 28. Proposition to change trust schools, academies & LEA to commissioning organisations 29. Restructuring of Primary Care Trusts 30. National procurement strategy for Fire & Rescue Service 31. WTO negotiations in Hong Kong re GATS
2006	32. White paper: Empowering People into Work 33. White paper: A New Direction for Community Services

Source: Whitfield (2006)

APPENDIX 2

KEY ACTORS IN THE FOR-PROFIT SECTOR OF HIGHER EDUCATION IN THE UK

Company	Key Activities and Affiliations
INTO	Launched in 2006 and has 5 centres in the UK: Universities of East Anglia, Exeter, Newcastle, Manchester and Glasgow Caledonian. Claims to work collaboratively with universities to help them "achieve their strategic goals and improve their competitive positioning globally" (INTO, 2010).
Navitas	An Australian education business formerly known as IBT (Institute of Business Technology). Accredited by the British Council to provide education and training services. The company works in partnership with six British Universities, including Hertfordshire University, Brunel University, Anglia Ruskin and Swansea. (Navitas, 2010).
Study Group International	The largest single provider of international students into UK universities. Their International Study Centres (ISCs) provide students with on-campus training at universities across the UK, including: Heriot–Wat, Huddersfield, Lancaster, Leicester, Liverpool John Moores (LJMU), Stirling, Surrey, and Newport, Wales. Also operates a number of standalone colleges (Bellerbys College), which offer foundation courses. (Study Group, 2010).
Kaplan	Part of Kaplan Incorporated, and set up to provide professional qualifications and business training across the UK and Asia Pacific. Has its own specialist UK online higher education division, known as Kaplan Open Learning (KOL), and Kaplan Open Learning (Essex) Limited has been established as an affiliate college of the University of Essex. Other university-affiliated colleges include Glasgow, Sheffield, Liverpool and Nottingham Trent University (Kaplan, 2010).
BPP Holdings	Launched in 1976 and specialising in accountancy training, has UK degree awarding powers. It owns 4 private colleges in London and Manchester offering business and law degrees. In 2009 its holding company accepted a takeover bid from the US education company Apollo Global (BPP, 2010)

Company	Key Activities and Affiliations
Laureate Education Inc.	Has a network of more than 55 accredited campus-based and online universities offering undergraduate and graduate degree programmes to more than 600,000 students around the world. To date has no physical campuses within the UK. It does have an e-learning partnership with Liverpool University, and is working closely with Liverpool University and Xi'an Jiao tong University to create a new university in Suzhou, China (Laureate, 2011).

Source: Company Websites (2010)

APPENDIX 3

TABLE 1: Samples of Data collated during Documentary Analysis and used for Profiling

	Student Numbers				Staff Numbers		Income	Expenditure
HEIs	Total	Undergrads	Postgrads	Total	Academic	Non-Academic	(£000s)	(£000s)
1	27,700	21,465	6,235	2,885	1,585	1,300	230,834	221,826
2	20,540	15,155	5,380	1,190	710	480	124,456	111,468
3	17,600	14,640	2,960	2,320	975	1,345	120,286	112,107
4	27,265	23,845	3,420	1,965	755	1,210	146,679	134,104
5	23,955	19,845	4,110	2,440	1,365	1,075	169,570	152,085
6	26,845	22,255	4,590	3,255	1,550	1,705	199,962	192,457
7	18,380	14,135	4,245	2,680	1,290	1,390	170,629	161,910
8	27,600	20,710	6,895	5,455	2,040	3,415	210,118	190,176
9	27,810	22,670	5,145	3,095	1,925	1,170	193,008	171,383
10	36,510	27,820	8,685	4,135	2,060	2,075	241,183	225,538
11	13,125	9,105	4,020	1,550	700	855	93,017	89,214

Source: HESA (2011)

TABLE 2: Share of Research Output per Share of Research Input, Weighted by Cost Centre (Selected Institutions) 2010/11

HEIs	Per academic staff costs				Per funding council research allocation				Research funding (QR)(#10)				
	PhDs	Research	Cost centres with staff	Specialisation Measure	PhDs	Research	Cost centres with funding	Specialisation Measure	Total (£s)	Total (per cent)	PhDs	Total research (£000s)	Total academic staff cost (£000s)
1	0.28	0.31	13	0.040	1.40	2.06	7	0.111	1,065,976	2.5	20	2,799	29,489
2	0.29	0.44	14	0.047	1.06	2.11	6	0.210	1,629,669	2.9	15	2,419	45,566
3	0.27	0.06	22	0.023	2.95	0.63	4	0.206	512,062	1.0	15	464	29,258
4	0.47	0.49	21	0.024	1.05	1.02	11	0.082	4,529,345	6.8	65	8,323	53,826
5	0.45	0.28	22	0.021	0.92	0.75	11	0.039	3,575,441	4.4	40	3,374	55,614
6	0.42	0.24	20	0.017	1.26	0.80	14	0.044	4,194,387	5.0	70	5,099	57,425
7	0.59	0.38	18	0.026	1.15	0.89	13	0.037	4,058,049	8.1	55	4,087	42,211
8	0.48	0.47	18	0.026	0.99	1.28	12	0.074	4,689,909	5.1	55	8,200	72,380
9	0.17	0.38	19	0.040	1.06	1.40	6	0.110	1,300,568	2.1	15	2,848	37,593
10	0.46	0.40	16	0.031	0.86	0.94	8	0.079	2,235,260	5.4	20	3,828	27,205
11	0.30	0.69	19	0.028	1.48	1.98	14	0.044	1,964,707	3.2	35	5,956	45,652

Source: HESA (2011)

NOTES RE TABLE 1:

Note 1: All institutions have been allocated a random alphanumeric in order to preserve institutional anonymity.

Note 2: Writing up and sabbatical students are not included in standard counts of students from 2007/8 onwards.

Note 3: Student figures in this table 0, 1, 2 are rounded to 0. All other student numbers are rounded up or down to the nearest multiple of five.

NOTES RE TABLE 2:

Note 1: In this table the number of PhDs awarded has been rounded up or down to nearest multiple of 5. All other figures are not subject to rounding

Note 2: The indicators here look at numbers of PhDs awarded and amount of research grants and contracts obtained, relative to the academic staff costs of an institution and relative to the funding council allocation of quality related (QR) research funds to that institution. Each indicator is expressed as the proportion of output relative to the rest of the section per proportion of input relative to the rest of the sector. To take account of the different patterns of input to output in different cost centres, the ratios are obtained for each cost centre, and then combined to give the single indicator.

Note 3: The four indicators are: proportion of PhDs awarded per proportion of academic staff costs; proportion of PhDs awarded per proportion of funding council QR funding for research; proportion of research grants and contracts obtained per proportion of academic staff costs; proportion of research grants and contracts obtained per proportion of funding council QR funding allocation for research. A value of 1 for an indicator shows that the institution is producing the same as the rest of the sector, relative to its input. A value below 1 shows it is producing less than the sector, and a value greater than 1 shows that it is producing more than the sector, again relative to its input. To put these indicators into context, the number of active cost centres under each input heading has been included. In addition, the amount of QR research funding which an institution receives from the funding council has been included, along with the percentage that this forms of the total funding council allocation to that institution.

TABLE 3: Recurrent grant for academic year (Selected Institutions) 2009-2010

Institution	Core funding	Mainstream additional funded places	Non-mainstream funded places	Widening participation	Teaching enhancement and student success	Other targeted allocations	Other recurrent teaching grants	Total teaching funding	Total recurrent research funding	Transitional QR funding	Higher education innovation fund	Moderation funding	Total recurrent grant 2009-10
						Teaching funds				Research funds	Third stream		
1	24,729,095	0	36,199	1,141,266	2,985,168	1,778,137	375,244	31,045,109	1,038,948	15,627	853,858	0	32,953,542
2	34,331,144	0	8,006	2,153,085	3,822,531	1,898,353	1,113,638	43,326,757	1,734,934	58,683	1,701,721	0	46,822,095
3	39,400,285	0	3,361,356	1,618,643	3,457,372	1,507,749	951,143	50,296,548	2,066,725	39,552	1,661,224	0	54,064,049
4	29,947,979	0	1,228,608	1,724,856	3,684,959	1,848,456	1,021,615	39,456,473	531,267	17,271	1,249,014	0	41,254,025
5	43,248,626	0	2,011,594	1,157,331	4,294,497	1,734,583	271,006	52,717,637	4,833,848	27,612	1,678,955	0	59,258,052
6	57,424,148	0	893,645	1,007,563	5,186,700	2,366,170	897,282	67,775,508	3,853,335	81,887	1,611,382	0	73,322,112
7	54,583,778	0	0	1,848,775	4,485,694	1,885,191	353,046	63,156,484	4,409,049	102,491	1,427,248	0	69,095,272
8	31,902,607	0	0	618,727	1,993,176	1,448,976	556,023	36,519,509	4,224,993	65,029	1,706,392	0	42,515,923
9	56,024,877	0	0	3,241,633	5,067,107	2,345,685	751,784	67,431,086	4,978,448	115,510	1,636,019	0	74,161,063
10	40,364,017	975,012	2,676,449	6,001,891	4,909,229	5,212,620	1,161,696	61,300,914	1,315,256	11,335	1,353,292	0	63,980,797
11	44,837,153	0	336,377	1,636,688	4,002,041	2,289,972	1,256,146	54,358,377	5,194,184	48,585	1,688,961	0	61,290,107
HEI TOTALS	411,956,556	975,012	10,215,857	20,513,770	39,886,433	22,025,920	7,452,477	513,026,025	28,986,803	534,997	14,879,105	0	557,426,930

SOURCE: HESA (2010)

TABLE 4: STAFF ACTIVITY PER SELECTED INSTITUTION 2005/06

	MANAGERS			ACADEMIC PROFESSIONALS			NON ACADEMIC PROFESSIONALS			SUPPORT STAFF (1)			SUPPORT STAFF (2)			SUPPORT STAFF (3)			SUPPORT STAFF (4)		
	FTE	PT	Total	FTE	PT	Total	FTE	PT	Total	FTE	PT	Total	FTE	PT	Total	FTE	PT	Total	FTE	PT	Total
Total UK	11325	1180	12505	111410	53465	164875	19055	4545	23600	22775	4200	26975	5580	2650	8230	3855	1235	5095	31825	18585	50410
Total England	9965	1070	11035	90330	47455	137785	15230	3510	18740	17870	3475	21345	4765	2315	7080	3270	1055	4325	27450	16455	43905
1	50	5	55	280	85	370	55	15	70	25	0	25	10	5	15	15	5	20	115	30	145
2	95	10	105	905	845	1750	105	20	125	90	20	110	45	25	70	35	5	40	415	110	525
3	95	5	100	550	540	1090	150	15	170	115	10	125	45	10	55	70	10	80	265	140	405
4	90	5	95	475	530	1005	65	15	75	85	20	105	15	10	25	30	10	40	270	235	505
5	105	5	110	735	780	1515	160	50	210	125	15	140	30	25	55	50	20	70	145	105	245
6	40	5	45	730	785	1510	130	25	155	110	5	115	45	10	55	30	5	35	240	85	325
7	170	15	185	850	610	1460	45	5	50	210	50	260	55	75	130	25	10	35	370	240	610
8	140	20	160	570	670	1240	120	35	155	95	15	110	60	35	95	25	10	40	195	140	330
9	170	25	195	970	780	1750	90	10	100	150	10	160	150	50	200	45	10	60	535	220	755
10	115	5	120	590	65	655	60	10	70	135	5	140	45	15	60	30	5	30	250	125	375
11	60	5	65	505	190	695	75	15	90	90	15	105	35	5	40	25	15	40	155	75	230

	SUPPORT STAFF 5			SUPPORT STAFF 6			SUPPORT STAFF 7			SUPPORT STAFF 8			SUPPORT STAFF 9			SUPPORT STAFF 10			Total all staff		
	FPE	PT	Total	FTE	PT	Total	FTE	PT	Total	FTE	PT	Total	FTE	PT	Total	FTE	PT	Total	FTE	Part-time	Total
Total UK	12125	6955	19080	4795	560	5350	2860	2380	5235	540	570	1110	1205	235	1440	10570	20940	31510	237920	117495	355415
Total England	8315	4935	13250	3805	500	4305	2310	1705	4010	495	510	1005	1000	175	1170	8250	16450	24700	193045	99610	292655
1	15	5	20	5	0	10	5	0	5	0	0	0	0	0	0	30	35	65	610	190	800
2	70	35	105	10	0	10	45	5	50	5	0	5	15	5	20	105	30	135	1945	1115	3055
3	30	35	65	15	5	20	5	10	10	20	5	25	5	5	10	65	200	265	1430	990	2420
4	15	10	25	30	5	35	5	50	50	0	0	0	5	5	10	40	120	160	1120	1010	2130
5	50	55	105	15	0	15	25	30	55	5	15	20	120	5	125	125	125	245	1685	1235	2910
6	45	25	70	0	0	0	5	5	10	0	0	0	0	0	0	0	0	0	1380	950	2330
7	35	15	50	50	5	55	5	0	5	0	5	5	10	0	15	50	165	215	1880	1195	3080
8	40	45	90	55	10	65	35	20	55	5	5	5	5	0	5	80	145	225	1425	1150	2575
9	55	20	70	40	0	40	20	10	30	5	10	15	10	0	10	100	255	350	2335	1400	3740
10	15	10	25	5	0	5	40	15	55	0	0	0	5	0	5	20	180	200	1310	435	1740
11	35	10	40	25	0	25	50	10	60	0	5	5	0	0	0	10	125	135	1060	470	1530

Source: Higher Education Statistics Agency Limited 2007

NOTES RE TABLE 4:

Categorisations of staff

SUPPORT STAFF 1: Includes laboratory, engineering, building, IT & medical technicians (including nurses) staff

SUPPORT STAFF 2: Includes student welfare workers, careers advisors, vocational training instructors, personnel & planning officers

SUPPORT STAFF 3: Includes artistic, media, public relations, marketing & sports occupations

SUPPORT STAFF 4: Includes Library assistants, clerks & general administrative assistants

SUPPORT STAFF 5: Secretaries, typists, receptionists & telephonists

SUPPORT STAFF 6: Chefs, gardeners, electrical & construction trades, mechanical fitters & printers

SUPPORT STAFF 7: Caretakers, residential wardens, sports & leisure attendants, nursery nurses & care occupations

SUPPORT STAFF 8: Retail & customer service

SUPPORT STAFF 9: Drivers, maintenance supervisors & plant operatives

SUPPORT STAFF 10: Cleaners, catering assistants, security officers, porters & maintenance workers

APPENDIX 4

University of Hertfordshire

Hatfield

Hertfordshire

AL10 9AB

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<Vice Chancellor's Name>

<Vice Chancellor's Address>

 <Date>

Dear <Vice Chancellor's Name>

Interview Request from University of Hertfordshire

Professor XXX (Vice Chancellor at the University of XXX) suggested that I contact you in respect of my research.

I am a mature PhD student based at the University of Hertfordshire and am engaged with a research programme, which is examining the growth of the Enterprise University in England both from a conceptual and policy perspective. Part of this research involves interviewing Vice Chancellors from HEI's across England and I am writing to ask whether you may be willing and able to participate in a sixty-minute interview at your convenience between now and December.

I appreciate that you have many demands on your time however Professor XXX suggested that in view of your leadership in this area, you would be sympathetic to the need to extend the overall research base in this segment of the HEI market. If you are unable to participate in an interview would it be possible to interview one of your deputies?

I look forward to hearing from you.

Yours sincerely

Dawn James

PhD Student

INDICATIVE INTERVIEW SCHEDULE

VICE-CHANCELLORS IN UNIVERSITIES

Introduction

Purpose and parameters of research

Confidentiality

Establish time limit of interview

Establishing Contextual Background of Change in HE Sector

Can you briefly describe the main changes that have occurred in the higher education sector since 1992?

How informed do you think changes in higher education have been by government polices and are these policies part of a new or an inherited agenda? Do any of the aims/policies conflict and if yes, how?

Closely linked to the preceding question what specific policies have the government or its agencies introduced to support or drive its policies?

Funding and Third-Stream Activity

On a more topical and vaguely speculative note how do you think that how the government chooses to address the large public sector debt that it has incurred may impact specifically upon the higher education sector?

Where does the university receive its funding from today and how has that changed over the past five-ten years?

What does the university do with the funds (if any) generated by its commercial activities?

Do you see your commitment to third stream funding changing given the current climate?

Diversification

Much has been written about the need for institutions in the higher education marketplace to diversify in order (i) to better satisfy the needs of the market and (ii) to survive in an increasingly globalised sector. Can I assume that you are familiar with the work of Dr Marilyn Wedgwood, Pro-Vice Chancellor of Manchester Metropolitan University, and her search for a 'Workable Third Mission Model'?

Please comment on the teaching/research matrix (Flash Card 1)?

Where (and why) would you position your institution on the research /teaching quadrant?

Establishing the Role of VC's as 'Agents of Change'

What changes have <u>you</u> driven across the organisation?

Clarifying Rhetoric versus Substance

With specific reference to your institution's current mission statement (see Flash Card X) can you explain (1) how and when the final mission statement was arrived at (i.e. was it by a process of collaboration, internally or externally (consultant) led (2) how it has changed from previous statements (i.e. how much has been driven by recent government policies, competition in the sector etc.) and (3) how it has been disseminated across your organization?

Aspects of Marketisation: Business-Facing

Some institutions have chosen to brand themselves as ''business-facing,' while in a bid for differentiation others have chosen different nomenclatures such as 'enterprising' or 'comprehensive'. What does 'business-facing' mean to you?

Why, do you think, your institution has chosen to use the term so liberally/not at all and why do you think that your / other institutions regard it as a being rather limiting?

Networking/Influencing

Could you describe the nature and function of the relationships between your institution and the following: (I am interested in links at both the national and local level):

> (1) Other Universities
> (2) FE Colleges
> (3) International Franchises & Collaborations
> (4) Schools
> (5) HEFCE funded partners

Looking to the future, if we were to see a change in the ruling political party, current opposition parties have suggested that they would review the (as they see it high) number of quanqo's (i.e. Business link, HEFCE, QAA, Sector Skills Council etc.) that exist in the sector. How do you think this would impact upon the university sector as a whole and upon institution specifically?

Can you describe the nature and function of your role /relationships with the following:

> (1) Higher Education Funding Council for England (HEFCE); QAA etc
> (2) Skills Network
> (3) Local Authority
> (4) Learning and Skills Council
> (5) Confederation of British Industry
> (6) Chamber of Commerce
> (7) Million Plus
> (8) UUK
> (9) Any others?

Is your institution exceptional in its level of involvement with local/regional/national agencies?

Fragmentation and Reconstitution of Knowledge

I have started to develop a knowledge map (see Flash Card 3) and would welcome your comments on its usefulness and any elements that might be missing. Could you elaborate upon your view between research and consultancy i.e. do you think this map is valid?

Flash Card 1: Research/Teaching Matrix

Societal

Teaching

Research

Widening Participation/Professional Excellence

(Includes access, expanding HE, exchanging & developing knowledge & skills, Refers to chapters 3, 5 & 6 of HE White paper 2001 policy areas)

Knowledge Transfer/Innovation Excellence/ 3rd Stream

(Refers to chapter 3)

Delivering Excellence in Teaching & Learning/ Post-graduate Excellence

(Refers to chapter 4)

Science/Academic Research Excellence

(Refers to chapter 2)

Society

Theoretical
Research

Knowledge
Creation
via
research

Knowledge
Utilisation
supporting
innovation

Consultancy
Knowledge
application/
exploitation

Industry

Applied   Knowledge   Conceptual

APPENDIX 6

Example of Data Record for Single Semi-Structured Interview (Conducted with OVC 9)

1. (Branding & Marketing /Differentiation)	2. (Finance/3rd Stream /Commercialisation)	3. (Business-Facing/Language of Business)	4. (Knowledge Economy)
"artificial barrier between we were a proper university and you're a post-1992"(P1)	"when you look at. more traditional universities they will say…dependent by about 35per cent on government….what they forget is all the public money from the NHS,….the Research Councils" (P2)	"understanding of the marketplace and a training ground for producing highly intelligent people who have got a set of skills that people want to buy" (P1)	"universities need to be the seedbeds of change and changing people" "it needs to have …a few anoraks in there…..the nutters of the world" (P2)
"position the institution on the products that we sell" (P5)	"3rd stream activity is all about less dependency on government ….greater freedom…to make the right strategic investment and also to be able to have an element of risk" (P3)	Interesting observation about business attitudes of governing bodies "they lose all appetite for risk" (P3)	"I can argue that institutions like this have always been involved in the Knowledge Economy" (P22)
"doesn't fit with our brand" (P6)	"part of our job is about getting money" (P10)	"go into businessey speak because it helps you understand" (P6)	"some of the great universities have not been concerned with the Knowledge Economy………..are not delivering into the world of work" (P22)
interesting anecdote about VCs not being able to identify their own Mission Statements (P7)	£90 million spend on estates (P10)	It involves organisational change and organisational design …..it is asset utilisation how you use the estate…" (P8)	Interesting story of how knowledge is sold in USA (P22)
"cosmetic reason" for Mission Statement (P7)		"modern working environment so culturally we've gone from meeting-driven to output-driven" (P8)	
"bought in our professional services …..marketing" (P8)		"I can get you on this screen now…. every business parameter of the university" (P8)	
"now we have a marketing organisation that academics come to talk to before they do any work" (P9)		"in Finance I bought in four ice-maidens….highly professional" (P8)	

1.(Branding & Marketing /Differentiation) [cont.]	2. (Finance/3rd Stream /Commercialisation) [cont.]	3. (Business-Facing/Language of Business) [cont.]	4. (Knowledge Economy) [cont.]
"I think the sector comes over as more divided then it has ever been" (P17)		"I don't want them to be a clever dick, just want them to do the job I am paying for" (P9)	
"There is not equal value "(for different missions)(P24) * cross-ref emergent issues		"I got hate mail on that, how dare you in a university talk about customer service" (P90	
"we know where they (students) all come from" (P26)		"it's embedded in the culture….people on the desks when you came in they've all taken NVQ in customer care" (P9)	
Interesting analogy about supermarket competitors (P26)		"Business schools need to be corporatey" (P10)	
"I don't compare our web to anything other than Amazon or John Lewis" (P27)		Fit-for-purpose buildings (P11)	
"there are 38 top 20 universities…that's not visionary that's stupid" (P28)		"good financial position" "negotiated some of the best deals in the sector" (P11)	
"I think that private providers will develop. I think they will provide a different type of education experience" (P15) *cross ref P4P		"I don't actually allow myself the freedom to help build a 10 million pound cancer research building because that's not business-facing" (P12)	
		Bench mark outside of the HE sector (P27)	

5. (Changes in Higher Education)	6. (Change Agents/ Vice-chancellors)	7. (Private-For-Profit Providers)	8. (Any Other Emergent Issues)
"the students..come along and they're much better at saying I am looking at the course, the facilities and then the university. The parents are looking at the university, the course and the facilities" (P11)	"having come out of the commercial world" (P7)	"Yes. We did have more (partnerships), we've killed them" (P15)	**Importance of place** "they will be taken over by neighbouring institutions" (P4) "is a fine institution but it is a long way away from the world" (P4)
5. (Changes in Higher Education) [cont.]	**6. (Change Agents/ Vice-chancellors) [cont.]**	**7. (Private-For-Profit Providers) [cont.]**	**8. (Any Other Emergent Issues) [cont.]**
	"I have driven cultural change" (P8)	"people you are going to visit…probably won't tell you the truth..that it costs more than they are getting in" (P15)	Long dialogue about scale of institutional activity (P13-14)
		"I think that private providers will develop. I think they will provide a different type of education experience" (P15) *cross ref - differentiation	"you are in a competition" (P18)
			Unequal Value Across Sector "There is not equal value "(for different missions)(P24) * cross-ref differentiation
			"addressing a social agenda" (P24)

APPENDIX 7

EXTRACT FROM INTERIM REVIEW OF EXTANT INTERVIEW DATA

Context: The primary concern of this study at this stage is identifying where higher education 'fits' into the discourse of the new economy. This approach necessitates the exploration of a number of subsidiary but interrelated questions as follows:

- Is it possible to produce a satisfactory definition of the 'knowledge economy' rather than the accepted notions that persist.

- How do the various types of knowledge that are generated within the higher education sector fit into this new, knowledge economy.

- What is the nature of the relationship that exists between the marketisation of higher education   and the new streams of knowledge generated above.

Participants: OVC 1, OVC 2 , OVC 3 , OVC 4, OVC 5

Questions: 1, 2, & 3

Review of Question 1

NB Given time constraints of interviews this question was not always asked in full. All interviewees were asked to respond to part (a).

'So 1997 onwards, I think, has been characterized by a whole sector that's

been rather more applied, a little bit more outward looking, a little bit fleeter

of foot and more likely to engage in that interface between traditional university

activities and values and the end-user community - that probably encompasses

everything from perhaps a greater sensitivity to students and student views, right

through to the ease and speed with which they engage with industry' (OVC 3)

Given that the interview deliberately started with a number of high level strategic type questions (including question 1) the responses from the Vice Chancellors were fairly generic and there was little dissent among the group concerning the broad changes that had occurred in the Higher Education sector, since 1992 and beyond. As expected (from a group of post-1992 Vice-Chancellors) respondents made much of the implications of the binary divide:

' And of course actually what everyone said was you are all universities,

you are all the same ……………...so to suddenly change a name doesn't

mean you level the playing field (OVC 5)

'So I think my rather twee way of saying it, is the biggest impact of

removing the binary divide wasn't that it created universities out of

former poly's but that it actually encouraged the growth of polytechnic

values in the whole university sector' (OVC 3).

With one exception, none of the respondents mentioned the knowledge economy specifically in their replies to this question. However, implicit throughout all the interviews was an acquiescence of the government's view of universities as vehicles for 'economic growth'.

'I think the government has put increasing pressure and influence through

HEFCE and in other ways to make the work that we do in the

post-1992 sector relevant as they see it to the economic needs of the

country' (OVC 2).

Whilst no-one interviewed expressed any concerns over this mantra and the possible tensions inherent with this view and the view of a university as a promulgator of all kinds of knowledge, some in fact saw it, to use a colloquial phrase, as a 'call-to-arms'.

It was an excellent report the more you look back on it the more

relevant it was and Lambert was about saying Universities must play to

their strengths so those that are research intensive must really work on

Intellectual Property, must really work on Knowledge Transfer in the

context of new inventions, new discoveries but those who aren't in

that field need to work far more on the application of research in

problem solving and the innovation agenda and Lambert was

extremely good there'. (OVC1)

This has caused me to think whether or not interviewing a Russell Group University would prompt a very different view of the knowledge economy notion.

All interviewees mentioned the growing differentiation in the Higher Education sector, although opinion seemed to be divided as to whether this differentiation had grown from within the sector or been encouraged by government policy. Throughout the interviews each Vice-Chancellor repeatedly returned to the subject of differentiation and its importance to the sector. This differentiation of purpose or mission seems to be indivisible from the individual University brand which without exception the respondents felt was of increased and increasing importance.

' one thing that I've always believed in is that actually you have to be the best

and recognized as the best at a particular niche in the market'. (OVC 5)

' I think the real issue now is actually differentiating ourselves so that

people understand the value of the different parts of the sector' (OVC 4)

'it just goes to show that brand is terribly important, particularly in a fairly

undifferentiated market. I mean, all universities work for the same standards,

the experience may be different in them but they are working to the same

standards and therefore they are difficult to differentiate and therefore brand

is absolutely crucial' (OVC 5).

Other issues mentioned in passing were widening participation:

'there was a then push by the then government to see a much greater growth

of universities, they had a long term problem with unemployment, I think they

thought it was a good idea to get more people into university' (OVC 5)

the extended reach of universities into the community; the introduction of tuition fees and the changing student profile:

' In terms of the student profile one of the biggest changes in the last ten

has been the way in which all students, or virtually all students at a university

like this have a job and that's had a very significant change on attitude'(OVC 5).

as well as the growth in demand for vocationally-led courses:

'students wanting to get jobs because there are more of them, have

thought well it might be good if I do a post-graduate qualification that is very

vocationally-focused so that I've got a better chance of getting a job to

distinguish myself from that mass who've got the undergraduate qualification' (OVC 3).

'I think there has been a huge growth in universities responding both

to student-demand for vocational programmes but also the emphasis that

government has placed on university's role and responsibility to supporting

the economic development of the nation' (OVC 3).

However, there did seem to be some dispute over the success of some government initiatives:

Other initiatives we get to respond, so for example the whole vocational

learning diplomas, 15-19 completers of them have hit the university sector

this year. 500, I think it might even be fewer. National route to foundation

degrees specifically backed onto the first phase of them. I know we are a

regional university rather than a national university but I believe we had

two applicants for the diplomas (OVC 3).

There also appeared to be a general acceptance among the respondents that there was a growing need and mutual benefit to be had from collaboration/partnering arrangements with

other universities and various external parties. Later on in the interviews it became apparent that many institutions view this very much as a survival strategy, especially in light of much anticipated reduced government spending in the sector.

One institution in particular was keen to articulate the inequity persistent in the current sector:
 'that's almost how we've ended up I think absolutely correctly with

universities with completely different missions. All I think excellent in what

they are doing I think the piece of the jigsaw that is now missing is equal value

for what they do, where actually we still, I suppose have the idea of some

having quote more intellectual rigor than others' (OVC 5)

Potentially, this could have interesting connotations for the knowledge economy and deserves further thought. What jobs and skills have the government actually identified as knowledge economy jobs and do these compare with the vocationally-led courses that are much in demand? If the knowledge economy and applied research is so important and relevant why our traditional universities consistently upheld as the standard to which all in higher education should aspire? Does government policy actually support its ideology of different models of universities, i.e. is there equal value for different missions?

Interesting quotes not used:

(OVC 5 : *not that the league tables are meaningful but the league tables actually reflect perceptions*

Interesting ideas not used:

Industrial activism (new phrase for what is essentially industrial policy/Mandelson).

Review of Question 2

NB Given time constraints of interviews this question was not always asked in full. All interviewees were asked to respond to part (a). Part (b) was often condensed and respondents asked about their current/future commitment to third stream activities.

> *'everything we do is going to be a back cloth against a lower*
> *availability of government funding' (OVC 3)*

> *'we work hard and struggle for every penny' (OVC 3)*

> *'So my predictions for what they're worth is that average units of funding will fall, that the Science, Technology and Research Agenda will be more ring-fenced than the Teaching and you might see a modest reduction in the overall scale of the sector. Sector that emerges will be one where post-2013/14 students are expected to pay a higher proportion of the cost so the fees cap will lift'(OVC 3)*

The nature and topicality of this question prompted much more thought from respondents than the previous question, and most suggested that it was an issue they were currently investigating. All respondents felt that there would be a tightening of government expenditure in coming months and as such generally agreed that monies generated by third stream activity would become more significant, but many insisted that they were committed to third stream activity regardless of the current economic backdrop.

'third stream activity is vital' (OVC 3)

'We pretty much are committed to third stream activity'(OVC 4)

'Well, we're committed there anyway '(OVC 3).

> *'That will generate profit, unashamedly that will generate profit.*
> *And that profit will subsidize the university (OVC 1)*

> *'We have a huge commitment to third stream activity already, in fact*
> *we don't regard them as third stream they are second stream for us,*
> *so teaching and applied research are the two things that we do. Will*
> *it increase what we do on applied research? Yes, I think it will, but we*
> *were planning to do that anyway' (OVC 2).*

'but we recognize the commercialization and meeting the needs of business is critical to the financial health of this university' (OVC 1)

Most VC's admitted that they were also looking into other areas such as efficiency savings and overseas students, although interestingly no-one appeared to be considering reducing expenditure on property portfolios and services such as advertising etc:

so my guess for what it's worth is that the only thing that they

can really attack is the HEFCE grant first thing clearly is you have

to start looking at everything you do, right from how you teach,

how students learn and how what I would call, you look at

your whole business systems (OVC 4).

yes we are planning for those cuts and we are doing a variety of things

to make us more fit for purpose (OVC 1)

you'll see about 74million pounds of investment going on (OVC 5)

as money from the public purse becomes more difficult again then

yes we will be putting a lot of effort into growing international, to

growing our third stream money and our research money (OVC 5)

Most respondents appeared to be resigned to the fact that regardless of the current economic slump, the public funding of universities was unlikely to continue in its current format and that as such institutions were already seeking out and anticipating new sources of funds.

' We've got to use our commercial expertise to generate services to subsidize

the university. Universities cannot be, cannot continue to be publically funded the way that

they are, fact of life, it's not going to happen' (OVC 1)

Only one Vice-Chancellor voiced any dissent over possible funding cuts:

In my opinion it would be very foolish to cut back on current investment

programmes because it will be an increasingly competitive world, you are

not hearing people in China and India saying we need to cut back on

our investment in higher education and they will be major competitors

in the future (OVC 5).

In fact, many institutions saw third steam income as a means of protecting them from changing policy trajectories within government.

'And so the more I can diversify my streams of income, the more I can

diversify my activities, while still having sufficient critical mass to be

efficient and effective then some policy decision in any one

of them doesn't damage me' (OVC 3).

it may not be that case that there is a 10per cent cut across the board,

> *they may choose certain bits depending on policy drivers (OVC 2)*

Although, interestingly, one Vice Chancellor expressed a concern over the volatile nature of third stream activities, which raises concerns over those institutions that might have decided to concentrate many of their resources in this area:

the big challenge around third stream is the fact that…..

if we are talking about private sector enterprise, multi-nationals…

you are talking about organizations for whom knowledge transfer, R&D and training are very much things that fluctuate with the way that the business is going… it's therefore not something you can put into your bottom line and

guarantee that you are going to get…..(OVC 2).

Although other VCs felt that it would be those institutions that had heavily invested in research that might be most at risk:

some universities have sought to grow very strongly in the research area

and they I think are the people who are going to face difficulties and

already are as you see where the redundancies are falling (OVC 5).

Levels of commercial activity amongst the bulk of the institutions appeared healthy:

We are probably only about 52per cent dependent upon funding from the
Funding Council sources of resource and the remaining sort of
42per cent coming from commercial activity (OVC 2).

'we run a lot of companies now. Our commercial turnover is round
about 72million a year, that's companies. That generates around
about 3 or 4 million profit a year which we use to subsidize the
university' (OVC 1).

and we've formed a company called XXX which is delivering
CPD into the market (OVC 1).

All of the senior figures interviewed concurred that there was likely to be some shrinkage in the higher education sector as a whole.

I think we'll see some fairly rapid reorientation (OVC 1).

Let's also be realistic if you take 10per cent off the HEFCE grant you are wiping out 14 universities effectively, so actually you are going to be into mergers and other things going forward (OVC 5).

Many felt that going forward mission differentiation would become more important:
'…….. massive debates will be about institutional differentiation.
They will be about how do we fund institutions to be really good
at what they are. How do we fund Oxford, Cambridge, ICUC, Manchester,
to be world class research universities but equally how do we make sure
that people who are doing fantastic work in the community ………

how do we ensure that they get adequately funded and the answer of course is differentiation and once we start funding by mission once we start saying this…. you can actually get value for money (OVC 1)

Interesting Ideas not used:

There will be a restructuring in the relationship between government and universities (Business model is twenty years old).

Review of Question 3

NB   This question was adapted to each institution, but the essential nature of the question remained the same.

'we are not a Tesco's, we want to be a John Lewis,

that's actually what we try to do' (OVC 2)

This question seemed to resonate with each of the Vice Chancellors. It was evident that branding was equated with the reputation of the institution and differentiation and that without exception it was viewed as significant and necessary for all institutions in the sector. To my mind this question really brought home the fact that in 2009 most post-1992 universities (at least) really are businesses, or run like businesses, by businesses-like men and women:

We used it as a distinct, deliberate policy, because in 2003/4

we decided we really wanted to differentiate ourselves (OVC 1)

I think institutions need to decide what their mission is and what they are trying to do and I think differentiation in the sector will grow (OVC 1).

Although it wasn't overtly mentioned I began to feel that branding was seen as simply a means to an end. Despite their openly, vehement commitment to their current models or brands, it seemed apparent that in some cases the allegiance (to the brand) wasn't as strong as VCs would have you believe.

I'll worry about that in a couple of years time when the brand is getting tired (OVC 1).

I think those labels mutate, evolve, change over time. I'm not terribly uptight about labels' (OVC 2)

To me 'business-facing' means that, you know, your
        number one priority is serving the needs of business (OVC 5)

we do see a need, for the two reasons I said for boosting
        a different funding stream to the university and for gaining
         even, for getting even closer to business (OVC 2)

The business-facing agenda was much more widespread that I had thought, but it would seem in some cases it was just the extent to which institutions were willing to publicly announce their commitment to it that varied.

'Why haven't people like Coventry and Teeside, Plymouth followed it ..well actually they have but they're not quite as up front as we are' (OVC 1)

Whenever we meet external partners we describe ourselves as 'business-facing'(OVC 2)

It's not a phrase that we use but it doesn't mean that you won't find similar characteristics at XX and XX in that particular externally-focused domain.(OVC 3)

'we do think business-facing is important but it's not all of what we are going to do (OVC 3).

However, some VCs were quite candid in their critique of the business- facing agenda as too limiting:

we've got a very broad activity and one thing I do believe is we want to actually make sure is that all our colleagues can buy into how we are positioning ourselves (OVC 5)

whole parts of this university do, are 'business- facing' entirely, right equally some are not We haven't gone for, if you like the label of a 'business-facing' one because we think it is a little too restrictive (OVC 5)

Warwick University is a fascinating case study, if you haven't looked at it, because it's one which has got teaching, high quality, it's got research and it's got massive 'business-facing' activities – it doesn't brand itself like that (OVC 5)

but more than that we see ourselves as not only interfacing with business but also with the community, not only with the business sector but with the public sector (OVC 5)

So yes 'business-facing' is one of the facets of this university but it's not the only one (OVC 5)

Some Vice Chancellors went even further and suggested that the nomenclature might have some negative connotations throughout higher education:

I know that some people feel a bit disenfranchised by that, because for example in the Health area, they're not 'business-facing'(OVC 5)

if you can't sort of show how your teaching is related to the business-facing agenda, then you know the question is whether you are in the right place (OVC 2)

Although, at times it felt that some institutions were simply trying to hedge their bets and be 'all things to all men.'

For us to have a more restricted Mission would actually limit that (OVC 2)

Now we wouldn't want to go as extreme as that because we don't want to lose our commitment to teaching (OVC 3)

I don't think this has, a sufficiently clear focus on what they are about (OVC 4)

Extracts from Interview Transcripts

OVC 1/ Q1

I think the major changes have actually happened probably in the last eight years. In the latter half of the last decade there began to be a growing differentiation in the sector, but no-one really identified it as such and in the late 1990's and in the early part of this decade institutions began to recognize that aspirations so that they could all try and be like the Russell Group Universities actually were entirely erroneous, and that there's really no point in trying to do that and I think in the early part of this decade we saw a realization that it was far better to be extremely good at what you are good at rather than try and emulate somebody else. Now ... then in the early part of this decade 20001/2/3 and 4 probably, those four years, there was the recognition that the knowledge-based economy was absolutely critical for the future prosperity of this country and a knowledge-based economy requires not just knowledge of course but the skills associated with it and in those days if you look back and see what happened then. We had the first Lambert Report which was started in 2000, came out in 2002/3 and Richard Lambert's Report was about universities and the economy and that in many ways was a big milestone. It actually follows on from the Dearing Report which was '97 and Dearing recognized the universities and the economy but Dearing was, at that time Dearing's Report was subject to focus on funding rather than upon admission. Now what Lambert did he took a lot of what Dearing's Report did and said actually what we do need is mission differentiation here and that's what Lambert came up with and Lambert was very good. It was an excellent report the more you look back on it the more relevant it was and Lambert was about saying Universities must play to their strengths so those that are research intensive must really work on Intellectual Property, must really work on Knowledge Transfer in the context of new inventions, new discoveries but those who aren't in that field need to work far more on the application of research in problem solving and the innovation agenda and Lambert was extremely good there. Now following on from that Lambert Report in 2000, which I think was published in early 2003, a lot of universities recognized the importance of Lambert and started being very open about their mission and open about saying you know we aren't going to be the next, creating the next cancer drug but what we are going to do we're going to help an awful lot of companies improve their products, improve their process,

introduce new thinking, use existing knowledge, quite often the recent research and apply it to new fields. That's what happened about 2002/3/4/5/6 and now it's just an established fact that differentiation of missions is there. And the question really now is, how is the incoming government next year, whatever government it is, going to try and model that in the context of accepting differentiation in the sector and ensuring each university contributes to the economy and society in its own way. And I think the big changes really happened around the Lambert Report. Now the Sainsbury's Report a couple of years ago really just, Sainsbury's Report was excellent, especially 'cause it handed us a whole page, the Sainsbury's Report was excellent because he reinforced that differentiation. He really did and David Sainsbury, David Sainsbury's Report should not be underestimated. So really it's Lambert, Sainsbury's and there was another report which wasn't well published about eighteen months ago called the Saraga report (SARAGA) which was also about intellectual property and that just reinforces it again. So we've now seen fantastic differentiation in the sector and each university plays its own skills, its own attributes to the knowledge economy that we have. Is that enough? I can rattle on like that for ages.

OVC 2/ Q1

(a) I think there has been more diversification of mission. I think the government has put increasing pressure and influence through HEFCE and in other ways to make the work that we do in the post-1992 sector relevant as they see it to the economic needs of the country and I think there has been a greater demand which I think is ripe for new forms of partnership or strengthening of partnerships between universities and external organizations of various kinds.

(b) A lot. I'm an historian so I think that they're inherited but given a slightly different twist as the needs of the economy, and to some extent the needs of society, have been interpreted afresh. Not particularly.

(c) Well most recently I guess the concept of Industrial Activism. That now has a name but I think that's been there in the background for some time, certainly under Labour administration.

OVC 3/ Q 1

(a) I think the huge jolt that the whole system got was in 1992 when the binary divide was removed. I think some shift in it had been predicted I think that when Lord Baker moved the whole line I think it took a few people by surprise. I think there was an expectation that five or six poly's would be promoted into the club not that the sector would expand as a whole. And I think the context from 1997 onwards was actually rooted in what then happened between '92 and '97. Because what happened was that the sector expanded very, very quickly but a disproportionate amount of that expansion was in the post-'92's. So the period up to about 1997 the sector expanded, the post-92's expanded and they expanded in a way that was twofold really, they deepened what they had always been good at , but then they began to graft on characteristics that were like traditional universities, research agendas etc, etc. About '97 the traditional universities woke up and then you saw two things from '97 in my view, you saw growth in the pre-92's as well as the post-'92 's and indeed that competition between '97 and 2000 and remember that although the sector grew it was probably the pre-92's that were winning market share in that period and so the post-92's that had grown rapidly up 'til '97 began to tail off, and their rates of growth slowed, or indeed stopped and declined altogether and when you look at what happened to the pre-92's in my view they grew most by acquiring the very characteristics that the former polytechnics had, so they tended to grow in, well the biggest discipline area that they grew was in Business. They grew in vocational areas, some of them went heavily into Art and Design that they had spurned before. Our near neighbours XXX, for example, built an entire faculty of Art and Design by taking over the local art college. In 1987 the XXX didn't have a Business School. This year it's probably 20 per cent of the whole university. So I think my rather twee way of saying it, is the biggest impact of removing the binary divide wasn't that it created universities out of former poly's but that it actually encouraged the growth of polytechnic values in the whole university sector. So 1997 onwards, I think, has been characterized by a whole sector that's been rather more applied, a little bit more outward looking, a little bit fleeter of foot and more likely to engage in that interface between traditional university activities and values and the end-user community - that probably encompasses everything from perhaps a greater sensitivity to students and student views, right through to the ease and speed with which they engage with industry. For the post-92's what we've actually seen therefore in that period is the

broad thrust of government policy and educational policy move more onto our, about knowledge transfer, employer engagement, high level skills, post- Leitch, foundation degrees. It's actually core post-'92 territory.

(b) *I think actually there are two ways in which the government seems to influence us. One is by direct policy intervention, policy exhortations, Universities and Vice-Chancellors in particular aren't terribly good at following government exhortations, so the second measure that is using shifts in the funding regime and HEFCE prioritization has effected change because it's usually had pound notes attached to it. So even though it's quite modest a 10 per cent premium on funding for foundation degrees helped ease the pain of their introduction – part-time and premium, but undoubtedly encouraged universities to do more and more deeply than previously. Interestingly most of the universities that have been in receipt of funds are not institutions that were say new to the game but they were alert enough to use it. I think there have been subtleties in the funding regime as well as specifically funded initiatives that have actually reinforced it. Other initiatives we get to respond, so for example the whole vocational learning diplomas, 15-19 completers of them have hit the university sector this year. 500, I think it might even be fewer. National route to foundation degrees specifically backed onto the first phase of them. I know we are a regional university rather than a national university but I believe we had two applicants for the diplomas.*

OVC 4/ Q1

Yeah, don't worry we'll talk around it and then you can ask me some questions. Just going back, I mean, you start looking back and you start thinking well originally we had universities and polytechnics which had various discrete missions, and then of course many years ago the polytechnics got made into quote universities, and they're now sometimes called post-'92's, they're called new universities or whatever you want to call them. And of course actually what everyone said was you are all universities, you are all the same but of course actually you have got to go back and look at history where a lot of the original universities were funded for research and all sorts of things if you like many years earlier, so to suddenly change a name doesn't mean you level the playing field. So you ended up with all these quote universities being the same but actually each of them with very distinct missions and very different objectives as they went forwards. Some of the quote new universities tried to mimic what was

regarded at the time as the traditional university but a lot of others of course decided to say no, ok we've got the name but we've actually now got to say how do we fit into the sector and what are we going to be particularly good at and I think, I mean ok from a XXX and I suppose from a XXX perspective we identified that the key areas there was whilst we want to have pockets of high quality research actually it's more important that we're known for high quality teaching, student experience and our partnership with business, commerce and industry as we go forward as that can be a unique niche and one thing that I've always believed in is that actually you have to be the best and recognized as the best at a particular niche in the market. And somewhat jokingly I sometimes say I think when you look at League Tables they are almost designed to make sure that what would have been number one when polytechnics became universities still stay at number one and I'm a supporter of there being 130 universities and 130 leagues tables and then of course you can always claim to be top of one of them. So I mean that's going back, so actually the sector sort of actually didn't differentiate it but actually I think the real issue now is actually differentiating ourselves so that people understand the value of the different parts of the sector and at the moment I almost feel we are going into regressive mode as you will have seen from some of the things that are coming out of Select Committees and others. We are going backwards and not forwards. So that's my runaround and that's almost how we've ended up I think absolutely correctly with universities with completely different missions. All I think excellent in what they are doing I think the piece of the jigsaw that is now missing is equal value for what they do, where actually we still, I suppose have the idea of some having quote more intellectual rigor than others which is something which I totally obviously disagree with for various reasons. I thought there were a lot of topics there.

OVC 5/ Q1

Obviously for a university like this one, '89 was the much bigger watershed because that was when we came out of local authority control and became an independent higher education corporation, and that was a massive change because suddenly we were responsible for our own finances, we set our own trajectory and our own path and there was a major change in the funding mechanism of course whereas we had been growing slowly and surreptitiously there was a then push by the then government to see a much greater growth of universities, they had a long term problem with unemployment, I think they thought it was a good idea to get more

people into university. They probably saw the skills challenges ahead as well and we have this strange mechanism of loosing so much of our funding and having to bid for it back and therefore very rapid growth, very rapid decline of the unit of resource. In '92, post-'92 universities got university title…… And then very suddenly in a couple of years after '92 growth was shut off very abruptly by the government with the introduction of the maximum aggregate student number. So if you start the tale from '97 you actually start the tale from a time of consolidation and indeed a time when there was a decline in the number of 18 year olds for a while, and therefore increased competition. And when the maximum aggregate student number was taken off, you have all the problems that you do and we, you will know if you look to Eastern Europe when they first entered into a free market it was very, there are troublesome times and so after the maximum aggregate student number came off this university and a number around London suffered quite seriously because they weren't in a competitive position and others took the numbers and this university suffered a decline in numbers, and that was the situation really when I came in, in eh, six years ago to what was then the XXX, and our major priority was restoring our recruitment. As you've seen recently we have been helped by an increase in the number of 18 year olds and very definitely by the change in the funding arrangements to students in what 9 years ago was the first introduction of fees. That went wrong because the government didn't follow the recommendations of the Dearing Report that everybody should be charged the same fee, and their grants should be adjusted to allow for the fact that they are all paying the same fee. Because although they had no fees for people on low incomes that message never got through, people thought they were paying a fee, but the message does seem to have got through that the £3,000 fee you pay after you graduate and that has helped I think a lot with recruitment and also with students being, maintaining themselves. In terms of the student profile one of the biggest changes in the last ten has been the way in which all students, or virtually all students at a university like this have a job and that's had a very significant change on attitude. It's really focused the mind of students that they are here to increase their earnings potential. I think it has made them more entrepreneurial because they are out there getting jobs and it's also made them more focused. Long rambling answer to your first question.

(Following discussion is about brand). It's had a massive impact on this university and it just goes to show that brand is terribly important, particularly in a fairly undifferentiated market. I mean, all universities work for the same standards, the experience may be different in them but they are working to the same standards and therefore they are difficult to differentiate and

therefore brand is absolutely crucial. We struggled as the XXX, I think possible XXX wasn't seen as a University town, some towns just aren't seen as University towns, some towns which are seen as university towns aren't like St Albans and others. I mean, I grew up in Hemel Hempstead if you had a University of Hemel Hempstead people would laugh at you, like they laugh at the XXX, it was just a perception and a prejudice. So as I say, a feeling about whether somewhere should be but we were also a damaged brand we had had a lot of bad publicity and we hadn't responded to it well and it's very difficult to repair a broken brand. Now I knew just renaming the university would not be good, one we had to fix what was wrong, otherwise all you do is damage the next brand and so we did fix what was wrong in terms of recruitment, in terms of customer service, we weren't good at counting our students, we weren't good at looking after our students and we weren't good at keeping our students, and we paid a lot of attention to improving all of those things. Secondly we had the opportunity because of the acquisition of the XXX campus to have a real excuse for the change in name, although technically it was a requirement of XXX that we changed the name of the university because they didn't want us, they told the people there that they weren't going to become part of the XXX, they were going to become part of a new university. That was one that we happily accepted. The first year I think our applications were up by 42per cent. They were up again the following year although it's not a meaningful figure because it was the year when we changed from six applications of the form to five applications on the form, but this year they were up 29 per cent again. So yes, it's been an enormous benefit for us, and it's coincided too, with some very good media coverage. We have been moving up the league tables quite rapidly,18 place rise in The Time's League Table, not that the league tables are meaningful but the league tables actually reflect perceptions, they alter the weightings to get the answer they first thought of and the answer is that XXX is seen to be much higher up in the table than XXX was seen to be. So yes it's worked out tremendously well for us.

Extracts from Interview Transcripts

OVC 1/ Q2 (On transcript this is actually Q4)

Massively. That's occupying about 60 per cent of my time at the moment. I spend more, well certainly half of this week I am in London, talking to policy makers, civil servants, people

behind the scenes, couple of shadow ministers, em hugely. And the issue is how, and not when, and not if, the issue is how. And I don't think it's going to happen for three years, because an incoming government next year's got some huge problems and I can't see higher education being top of the agenda, but I do foresee that if, that if higher education does not rapidly get to the top of the agenda then the sector itself is going to be in such financial difficulty that it will have to come to the top of the agenda and therefore I would suggest that by 2013/14, certainly by then possibly earlier, yeah possibly 12/13 we will have a restructuring in the relationship between government and universities. And this is really important, Dawn, because em, if you look at the model, the business model between government and universities it hasn't changed for twenty years. In 1989 we saw the creation of a funding council, a buffer body between governments and universities, now small changes in 1992 when two bodies merged but it's actually, the models the same. I don't think it can continue, I think its twenty years old and it needs to change. And the question is how will it change. And certainly from my perspective now I am trying to ensure that whatever changes take place em fit in with the sort of vision of economic and social development and at the same time align with what this university is doing obviously, that's my job. So I really do think it will be a very significant change. At the moment the debate is all about student fees. That really is such a narrow debate the issue's far bigger than that, far, far bigger and those who focus upon student fees are really myopic. There some massive debates about to happen. And those massive debates will be about institutional differentiation. They will be about how do we fund institutions to be really good at what they are. How do we fund Oxford, Cambridge, ICUC, Manchester, to be world class research universities but equally how do we make sure that people who are doing fantastic work in the community like Derby, Liverpool John Moores, who are doing remarkable work or some of the big FE colleges doing fantastic work, Croydon, Grimsby, how do we ensure that they get adequately funded and the answer of course is differentiation and once we start funding by mission once we start saying this university is servicing that part of the domain, this university is servicing that part of the domain you can actually get value for money and that's the way it will have to be 2013/14. So from my perspective the issue is how is that differentiation going to be classified, how can I try and influence our differentiation, and how can we sustain it.

And this is quite a sophisticated argument because with the best will in the world, even the present Select Committee Report which I was reading over the weekend, it's just a little bit too superficial, you need to be in-depth, in answer to that. So yeah will change, will change enormously.

(b)*Yes. Without any doubt at all. This university, we run a lot of companies now. Our commercial turnover is round about 72million a year, that's companies. That generates around about 3 or 4 million profit a year which we use to subsidize the university. It's a funny, an unusual business is a university because your core business, education is loss making, if you were running a business you wouldn't do this, or you would find a different way of doing it. It will change, it will change. If you look at the work that we are doing now my job as Vice Chancellor is to prepare this university for this change and we've formed a company called XXX which is delivering CPD into the market and I'm very optimistic about that we've just signed some pretty big contracts. That will generate profit, unashamedly that will generate profit. And that profit will subsidize the university. Equally, I'm about to form another company to operate in the private sector in an international context delivering CPD and skills development overseas that also will deliver a profit and that will be used to subsidize the university. So some form of internal social enterprise and from my point of view that's the sort of vision we have we've really got to use this. We've got to use our commercial expertise to generate services to subsidize the university. Universities cannot be, cannot continue to be publically funded the way that they are, fact of life, it's not going to happen. Much as politically I'd like it to happen, it's not going to happen. So I've got to be pragmatic. (Do you think that some universities that are not as commercially-orientated or commercially aware will fold?) I don't think they'll fold. I think there will be some fairly rapid transformations. What do you do with failing universities, that's a good question at the moment. It's a hot topic as you know because there's a big issue at the moment. I think we'll see some fairly rapid reorientation. (But you don't see a reduction in the numbers...) I do, I do actually. But that will probably come through that change in governance that I was talking about. And somebody somewhere, somebody will take on planning powers. Because at the moment the Funding Council has got blank powers that funding has, institutional autonomy will not necessarily continue and that is quite a big issue for the sector. So I think there will be some rationalization but equally I think there will also be some fairly quick reorientation by the sector. The sector is far more agile than it gives itself credit for. You know the sector actually does itself down sometimes. It's actually far more agile than it thinks it is. And we will see a lot of changes over the next 4/5 years. You know, necessity is the motherhood of invention.*

OVC2 / Q2

(a)*Well, I guess the answer to that is cuts to the budgets, the core budgets that we receive.*

(b) Yes, as all others. We have a huge commitment to third stream activity already, in fact we don't regard them as third stream they are second stream for us, so teaching and applied research are the two things that we do. Will it increase what we do on applied research? Yes, I think it will, but we were planning to do that anyway.

OVC 3 / Q2

(a) On the sector as a while I think it is going to be the big issue that will be the back cloth to everything in policy, planning over next five years. Fear of government borrowing, and even the most optimistic projections of the speed and ease with which it could return to more normal levels means that tightness in government expenditure can be expected for at least a decade because it would be a remarkable recovery that could ever accelerate tax receipts sufficiently quickly to put pressure on them. So everything we do is going to be a back cloth against a lower availability of government funding. Usually they can have only two responses to that, one well maybe three responses: they can expect you to do the same but for less money, so efficiency and effectiveness becomes important; they can actually decide to have less of you, so they could actually consciously decide to reduce the size of the university sector, make it more restrictive, remove it back to levels of participation of a decade ago; or thirdly they could find someone else to pay for it and in reality I think it will be a combination of all three. So my predictions for what they're worth is that average units of funding will fall, that the Science, Technology and Research Agenda will be more ring-fenced than the Teaching and you might see a modest reduction in the overall scale of the sector. Sector that emerges will be one where post-2013/14 students are expected to pay a higher proportion of the cost so the fees cap will lift. And I think there's an outside chance, an outside chance, that certain UK institutions may be permitted, if not encouraged, to go private. (Do you think that there is the possibly of any HEIs failing over this period?) Half of me say's I hope so because, you have to ask the question why will institutions fail. If institutions fail because despite all their best endeavours, their own characteristics of having done the right thing, there is something about policy that disproportionately damages them, then I think they merit support. If however institutions and their management make a sufficiently serious catalogue of inappropriate and incorrect

decisions then they should be expected to bear the consequences of those decisions not as sometimes as happened in the past expect all the rest of the sector to pay the consequences of their decisions by taking further cuts. I've become quite hard-nosed about this, because we work hard and struggle for every penny at the XXX. We're relatively new, we're not a prosperous institution, we don't have a hugely rich asset base but we are in very good financial shape and the reason why we are in good financial shape is because we are careful about our investments, we use money wisely. While I am doing that, somebody else is dolloping money around as if there is no tomorrow and then when they go bust the government says oh dear we can't let x,y,z university go bust, oh what a tragedy that would be, so we'll cut everybody else's funding to put a dollop… I wish I'd been overpaid by £6 million a year for my students for the last 8 years, 48 million.. I'd the notion that one institution has been so funded but that all the rest of us are now expected to feel very, very sorry for them and bail them out. So I am a bit of a hard-nosed so-and-so on this but I do think there's the prospect of private universities.

(b) Well, we're committed there anyway. In terms as it were of the strategies of the XXX we want more of the levers of control about our future to be in our hands rather than the hands of external parties. And so the more I can diversify my streams of income, the more I can diversify my activities, while still having sufficient critical mass to be efficient and effective then some policy decision in any one of them doesn't damage me. So if they decided to do away with funding research in universities and only fund it through Research Councils I could manage that. If they removed premium funding for part-time and foundation degree students I could manage that because I've got them as modest proportions of the total. If all I did was teach and all I taught were government-funded programmes and all my costs were predicated upon getting a particular level of income per student and they decide to cut it I am dead in the water. So we want diversification and because of the kind of university we are third stream activity is vital for that because we define ourselves as a regionally-rooted, community-engaged university. Our key community are those enterprises – public, private.

OCV4 / Q2 (On transcript this is Q3)

(a) What a question. I think I've got my own Vice-Chancellors conference on this next week. First thing is, I think is that there's no doubts whatsoever that this part of the sector is not going to be immune from the cuts. I've heard all the pleading, all the pleading I think it's quite irrelevant, right. The second thing you have to say is to start looking at how the cuts could be

put in place, or how greater efficiency could be put in place easily for the sector. Let me unpack this a little bit. Start with the ability to change student fees, number one that can't take place 'til 2012/2013 it needs a primary legislation, it needs a full act, it needs a vote on it, and there is a terrible issue there between increasing fees because I assume we will get more funding from the public sector and widening participation or what the current government call social mobility and actually that means a total revamp of the student loan system otherwise all you are going to do is up fees, universities are going to take the fees in, it's going to come from the public sector and you've achieved absolutely nothing. So I think that's a really interesting dilemma there, right so that's one. The second one is actually say if the government actually wants to reduce the funding to universities what can it do in the short term it can try and cap student numbers but effectively you've got them for three of four years, so my guess for what it's worth is that the only thing that they can really attack is the HEFCE grant, which is the block grant we all get. They took 1.4per cent off it this year which you will have picked up, my guess is that's going to be trivial compared to what they are going to take off it next year. So my guess is that they are going to do two things: one is they are going to take a chunk of the block grant next year and say manage it, right, and secondly they are going probably to do a review of fees etc so money can come back but you are probably going to have three or so tight years in between. Now some institutions are planning for this already, some don't believe it's going to happen. I suspect, you know, it will happen in some form. Now if you take that there are a lot if consequences of this, 'cause the first thing clearly is you have to start looking at everything you do, right from how you teach, how students learn and how what I would call, you look at your whole business systems. And Business Systems is not about organization, it's how you interact with your students, how you do it more efficiently, and all those things. But let's also be realistic if you take 10per cent off the HEFCE grant you are wiping out 14 universities effectively, so actually you are going to be into mergers and other things going forward. (Do you think that some HEIs will fail?) I don't know whether they will fail, I think that they will get to the point where mergers and acquisitions will take place and I think it will be interesting as to whether those mergers and acquisitions take place while institutions are strong or whether they will have to wait until a given number get sufficiently weak and then you come into what I call the Lloyd's merger, right, where actually merging with HBOS, when it got so weak effectively took Lloyds down. And I think institutions will sit back and say perhaps I don't want to do this thank you, I'm alright. So I think we've got a way to go and I'm surprised at the moment that more institutions aren't sitting back and saying we've got to prepare for this going forwards, what, you know, what sector are we in. I think there's one

other, I could keep talking about this as you can see, I think there another interesting factor at the moment and that is how many University's Boards are now freezing i.e. they are starting to say the future is so uncertain you are better off doing nothing than trying to make a big decision, right. I am beginning to pick that up quite a lot around the sector where some form of risk analysis, you know we are paralyzed by risk analysis, has actually shown its less risky to do nothing than to do something, right, and again I think you have got institutions dropping into two categories there, doing very little and those who are saying hay it's a lower risk solution to carry on developing, recognizing we've got to plan on a 10per cent or whatever the figure is downturn and managing that out but to do it within that envelope than sitting back and doing nothing and I'm finding institutions are dropping into those two counts. I mean you may not pick that up anywhere but that may just be something which is starting to happen in the last few months. So significant impact, business systems, review of teaching and learning, actually there's no doubts whatsoever is actually going to look at how institutions come together.

(b) Good when it was written. Right, let me answer that partly and say, that plan was written 2, 2 and a half years ago, The Board went thought it with us only three months ago against the context of the risk analysis about potential shortfalls of funding, clearly there are bits of it that you wouldn't write today but you wrote then. However, looking at the Corporate Plan the vision that it mapped out in terms of what do we want to be, absolute ticks everywhere, it fits everything. Interestingly on the expansion part of it, it's really interesting, because when we sat down with the Board and did that about two years ago the whole discussion at the Board was prove to us that you can get enough students to apply because at this university applications have gone down over a period of time, right. Last year our applications were up 40per cent. We came top of a League Table fantastic but unfortunately we had all asked the wrong question, of course we asked the question could we get the students to apply not could we get them funded, ok, right, real classic case of the plan was right but we didn't ..... ok. So to answer your question looking at where we are at the moment , full-time absolutely fantastic , international growing like topsy, right, part-time struggling at the moment but that's also because I've now made sure that part-time students fees are a proportion of the full-time, they are no longer cheap don't because we are into looking at what the cost base is like. I've got to say that the work in Partnership, Business and Commerce is very good at the moment, I didn't think that I would be saying this but we only in the last three months have landed very big contracts with outside bodies, whether they be for technology and transport, technology

exchange, so I think we are up to 45 KTPs now, going really well, growing like mad, right. I didn't expect this one right but what's happening now is actually more and more companies we are finding are wanting to outsource their own internal development, staff development programmes because it's not their core business and they want to diversify this. And we are picking these up like mad because of our position. I would have thought that we could have done it but we are still developing that area. The area where it's wrong - the plan is we were hoping to expand our part-time numbers more than our full-time and that's actually reversed entirely. But actually we are still miles ahead of where we have ever been. Miles ahead. That's for this year I don't know what next year looks.

OVC 5/ Q2

(a)*Yes, well taking the second part, yes possibly even more so. We are actually looking at our resources in the employment committee because we've obviously got the draft accounts and we've achieved the 10per cent growth target this year. We've actually far exceeded our growth target for international students and as a consequence that little bit of the pie chart looks a smaller slice than it was before. I ought to explain we've achieved our target in that area and of course, Governors quite rightly are never satisfied and so they are looking for further growth next year and as money from the public purse becomes more difficult again then yes we will be putting a lot of effort into growing international, to growing our third stream money and our research money. The snag about research money is it tends to be money in, money out, so you get a research grant to do something and you spend all the money on doing that and sometimes it could be more costly to the university than it brings in, but third leg activity is leveraging very often your activities and bringing .... because the ideal of course is to have a piece of exploitable IPR and then you really make big bucks, most of it of course you have to pay people a bit extra to deliver something to the third sector, but that there should be a significant profit margin in it for the private sector.*

(b) *Well, we've already seen the signs that there is going to be a tightening as you have probably picked up I don't see the logic of that at all. I've yet to be persuaded actually that the government finances which are in a fairly unusual state at the moment because of all the banks they bought and things like that, are in anywhere near the dire state that it seems popular for people to say. We are certainly not seeing inflation which is the usual corollary of over exposure of public expenditure. We are in a pre-election period and people are building this up*

as a major issue but we are expecting to see a tightening of the public purse. In my opinion it would be very foolish to cut back on current investment programmes because it will be an increasingly competitive world, you are not hearing people in China and India saying we need to cut back on our investment in higher education and they will be major competitors in the future, so we really do need to ask ourselves if we are picking out education and higher education in particular, why? But yes it does seem very fashionable to suggest that the amount of money will be reduced and therefore we need to look for growth in other areas. I spoke a little bit earlier, Dawn, about the lack of investment this university prior to '89 and '92 and that has given us a big back log in the area of building and so on. We never had the opportunity to address that. Now I came here my first job was to make the place financially stable, we achieved that. It was then to move it into the kind of surplus area where we had money to invest, we now are in that situation and if you wander round the campus you'll see about 74 million pounds of investment going on. I think we will need to improve our facilities because we are moving into a much more competitive period again with the decline in 18 year olds. We will need to have good facilities. (Some HE institutions would appear to be adopting a strategy of 'do nothing' at the moment, but evidently you don't see that as a viable strategy for your institution at this time?) I mean that might be the right line for a number of universities to take, and again it depends what they're investing in and it depends… There's no point in putting up new buildings unless you think you can see some growth, and we think we can see some growth in the international business. We are very well placed here of course with excellent transport links into XXX and opportunities to grow in XXX internationally which historically has never been much engaged in that. A network of partnerships that give us opportunities as well for growth. So yes we will be building on our international partnerships and looking for growth in the international area even if we can't grow home-based students. I suspect too we will be in a period again of increased bidding, the government now are calling it contestability, where we will have to bid to get our money back after it's taken off us and we need to be competitive to win in those bids. Not growing is not an option for this university; we have to do that to sustain and to make sense of our investment plans. But some universities have sought to grow very strongly in the research area and they I think are the people who are going to face difficulties and already are as you see where the redundancies are falling. They are falling in the research- intensives and the wanna-be universities, who overinvested in the Research Assessment Exercise, which actually more than doubled the amount of money that we got out, indeed it was very favorable for XXX as well.

OVC 1/ Q3

We used it as a distinct, deliberate policy, because in 2003/4 we decided we really wanted to differentiate ourselves. We really did. There's just no point in aspiring to be the sort of uni, well mid 1990's this institution declared itself as I want to be like East Anglia or Essex, you know well what's the point in that you know we aren't that, we're something else. In 2003/4 we had to find some way of describing what we are and actually we've always been business-facing since we were founded we've been business-facing and really it's just being honest about it and saying that's what we are. Business-facing in some ways we spent some time in working out whether this was the right phrase or not because we do an awful lot of public service here. But once you say we're business-facing in attitude and our business is, be it public sector, private sector, charity sector doesn't matter but the business of business is central to our thinking. Then we decided to roll with it, and actually we didn't go public 'til about 2005 because especially in the university sector if you haven't got the evidence to stand up your claim you soon get destroyed, fact of life you know, so we didn't go public until about 2005/6. We went public then about being a business- facing university, and actually it was the Select Committee of the House of Commons in 2006 who, I gave evidence to the Select Committee and it was them who said XXX is the leading business-facing university which is a very nice brand to have you know, and quite pleased about that. Why haven't people like Coventry and Teesside, Plymouth followed it..well actually they have but they're not quite as up front as we are. If you look at some of the Coventry literature they talk about business-facing, listen to Madeleine, their Vice Chancellor is fantastic, excellent Vice Chancellor; she will quite openly talk about being a business-facing university. Teesside, Graham Henderson again excellent Vice Chancellor there, he will talk about being business-facing but you won't find it in his literature and I think it's almost because XXX grabbed the brand. Talk to Wendy Purcell down at Plymouth, she used to talk about going beyond business-facing but now she's decided to go into enterprise, The Enterprise University, which is fine. I actually don't care, I don't care. Enterprise is probably a better phrase in the long term but for the moment whilst the Select Committee have named us as the leading business-facing university I'll take that. I'll take that as a brand. I'll worry about that in a couple of year's time when the brand is getting tired. Yeah.

OVC 2/Q3 (Question 6 on transcript)

It means lots of things. It means a series of capabilities, which we have embedded in the staff appraisal scheme, five capabilities which apply to all staff regardless of grade and role, including myself, including the cleaners. It means rewarding, identifying, recognising and promoting entrepreneurial behaviour on the part of staff. It means having an entrepreneurial pathway for students that stretches back into the schools and colleges that are our partners and goes right through to embrace our Tech Park, our incubator units and the business units in the City. It means giving every student the opportunity to take modules that are focused on enterprise and entrepreneurship as part of their accredited degree programme. It means having to teach programmes that are themselves about enterprise and entrepreneurship but that's a small subset of the students who actually do it. It means putting HEIF money and others monies behind the development of enterprise and entrepreneurship across the university in all sorts of different ways. It means appointing board members who are of that mind set and are supportive of what we are doing and so on. I mean it just goes on and on. We do a lot actually. Not particularly. We do use 'business-facing' a lot when we talk about ourselves so actually I think you've drawn a slightly false outcome from looking at the website. Whenever we meet external partners we describe ourselves as 'business-facing'. (So it isn't a term that you would wish to distance the university from?) No, not at all. In fact, we embrace it wholeheartedly. (So you are happy with the government's distinction between business-facing and research intensive universities?) I think those labels mutate, evolve, change over time. I'm not terribly uptight about labels.

OVC 3/ Q3(Question 6 on Transcript)

Well, the government just latched onto a nice little categorisation that XXX managed to give them. You know, I think they were looking for a differentiable handle and XXX passion for that and business-facing as phraseology suited that need. It's not a phrase that we use but it doesn't mean that you won't find similar characteristics at XXX and XXX in that particular externally focused domain. What we say is regionally rooted and community-engaged. A subsidiary of the University is wholly dedicated to business-to-business, so when a student buys services from us it's the XXX, when a company buys services from us on behalf of his

employees or her employees that's the XXX Corporate -there's a clear separation (Was that initiative led by you?) Yes. (Is that an area you see expanding?) Yes. It will double in size this year despite the recession. It's been remarkable robust, despite the massive downturn we're probably even this year, well we're at 97per cent of business plan in terms of full- time equivalent students and probably 95per cent of anticipated margin, so it's going quite well and it will grow but it will still probably constitute in four or five years a per cent of total University activity. The vast majority of our focus will be on our core student policy. (So it will never become second stream activity?) Well it is second stream effectively because research is our third stream. Our core business is teaching and our orientation in our teaching is very focused on a regional service and on the higher skills agenda so that our subject portfolio and our orientation does place great emphasis on applied disciplines and professional practice. Quite a high proportion of our graduates our able to go straight into professional practice and every programmes we've got where there is a professional body we seek and so far obtain the highest level of professional accreditation, so the big nursing school….

OVC 4/ Q3 (Question 6 on Transcript)

Right, I think we need to come back to a certain extent to how I answered the issue about what staff should do, where actually I think the first thing we have to look is the mix of our institution, the Conservatoire, large amount of acting, we've got a very broad activity and one thing I do believe is we want to actually make sure is that all our colleagues can buy into how we are positioning ourselves. Hence why we position ourselves with high quality teaching and professional practice, right. I think that puts us off very nicely because whole parts of this university do, are 'business- facing' entirely, right equally some are not, as you understand and actually within that we can deal with everything. We haven't gone for, if you like the label of a 'business-facing' one because we think it is a little too restrictive so we've gone for, I mean, if you like an institution that's teaching is based upon professional practice is how we've described it. Professional practice includes research and you can see how we can encompass it. But I think that long term that is a much better position to take. I think XXX might agree actually. You've got to think where the future takes you, and you've got to be careful not to get, and I come back to the statement we try not to get blown off course, because if you start veering too much, mixed messages go out. (You don't want to be stereotyped?) No, not at all actually. Interestingly how do you categorize Warwick, is a real….. Warwick University is a fascinating case study, if you haven't looked at it, because it's one which has got teaching, high quality, it's got research and it's got massive 'business-facing' activities – it

doesn't brand itself like that. It's a real interesting one, you have a look at that one. It's a classic one of how to look at a value system in a university.

OVC 5/ Q3 (Question 6 on Transcript)

To me 'business-facing' means that, you know, your number one priority is serving the needs of business and XXX has done that exceptionally well. Though of course one of the reasons why… we are squeezed between XXX and XXX two very good 'business-facing' universities, but more than that we see ourselves as not only interfacing with business but also with the community, not only with the business sector but with the public sector. The most distinctive thing about us is our access mission, is the diversity of our student body and that fact that all of our programs our vocational in nature and those are the things that we try to stress both in our mission and our publicity. So yes 'business-facing' is one of the facets of this university but it's not the only one. (Do you think that the label 'business –facing' could be seen to be quite restrictive?) I do, I mean obviously I know a number of people at XXX and I know that some people feel a bit disenfranchised by that, because for example in the Health area, they're not 'business-facing'. They're facing the NHS, they're facing the community, but they're not facing business in the same way. I mean they could be, they could be working with GSK but they're not and they feel a bit disenfranchised by that so I think yes it's the old thing you have to be all things to all men.

APPENDIX 8

SCHEDULE OF TRAINING AND DEVELOPMENT

The British PhD and How to Get One	12/10/2006
Getting your Ideas Across: Communication	12/10/2006
Statistics: Getting Started with Statistics	18/10/2006
Information Management: Endnote	24/10/2006
Research Degree Assault Course	25/10/2006
Getting to the End on Time	25/10/2006
Supervisor Relationships	25/10/2006
Registering a Research Degree Programme	26/10/2006
Qualitative Methods	26/10/2006
Information Gathering	31/10/2006
Public Understanding of Research	13/12/2007
Critical Reading	09/01/2008
Getting Published and Promoting Your Research	13/02/2008
Presenting Your Research (Oral)	13/02/2008
Annual Assessment and Progression to PhD	21/02/2008
Statistics: Survey Design and Sample Size	05/03/2008
Technical Writing Course	10/03/2008
Epistemology: Theory of Knowledge	17/04/2008
Teaching for Research Students	23/10/2008
Viva and Process of Research Degree Examination	27/11/2008
Thesis? What Thesis?	18/12/2008

Plagiarism and How to Avoid It	18/12/2008
Rapid Reading	22/01/2009
Knowledge Transfer Opportunities for Researchers	04/02/2009
Discovering Intrapreneurship and Innovation	04/02/2009
Linking Research Skills and Leadership	05/11/2009
Proof Reading	05/11/2009
Myers Briggs Type Indicator (MBTI)	10/12/2009
Life after the PhD: 1: Managing your career workshop	21/01/2010