

Dear Ray,

Thank you for this. You have prepared a very good paper relating to a most significant issue. The “corporatisation” of higher education institutions has been an ongoing process since at least the late 1980s. Universities operate in highly competitive national and international markets and require the highest standards of corporate governance. However, they also must never lose sight of their original purpose.

As you know, I am engaged in the research of co-operative and mutual enterprises (CMEs). These mutually owned enterprises are among the oldest and most enduring businesses and at their heart they are enterprises (both for profit and not-for-profit) that have been created to serve a specific need that was not being addressed or could not be addressed by either government or investor owned profit oriented business models.

The critical characteristic of CMEs is that they are highly democratic in their governance, focused on the long term benefits of their community of members and also able to balance both social and economic objectives in order to fulfil their purpose.

In many ways this is a similar situation for universities. An institution such as UWA has multiple purposes (e.g. education, research, community and industry engagement). However, it ultimately exists for the benefit of its students, staff and alumni and the community or communities from which they originate.

A feature of universities (in my view excellent universities) is that they are collegiate and have high levels of democratic engagement by faculty and students (both current and alumni) in their governance. For example, the University of Oxford has as its “sovereign” governing body the “University Congregation”. As the university’s website explains:

“The Congregation acts as the ‘parliament’ of the University and has the power to bind Council. There are over 4,500 members of Congregation, comprising academic staff, heads and other members of governing bodies of colleges and societies and senior research, computing, library and administrative staff.”

The executive function is the responsibility of the “University Council” and has between 25 and 28 members with four places recommended by a Nominations Committee and nominated by Council and ultimately approved by Congregation.

“The remaining members consist of the Vice-Chancellor (who is also the Chair of Council), the Chairman of the Conference of Colleges (see further paragraphs 6.5 – 6.7 below), the Proctors, the Assessor, a member of Congregation elected by the Conference of Colleges, the heads of the 4 academic divisions, 11 members of Congregation elected by Congregation and up to 3 members of Congregation co-opted by the Council. Since 2000, there have generally been two or three co-opted members. In addition, three student members of the University are entitled to attend and speak (but not vote) at meetings for the unreserved business of Council.”

While I am not claiming that Oxford’s governance system is perfect I simply suggest that it reflects a highly democratic model. The Oxford University website also notes in relation to the Congregation:

“The Coopers and Lybrand report before the North reforms states that “Congregation...seems to operate as a long-stop on decision making in Oxford. It would appear that the threat of taking an issue to Congregation is often as powerful as actually doing so”. The North reforms did not reduce

the powers of Congregation and indeed the North Report stated that Congregation has “a valuable role... in acting as the ultimate arbiter of contentious issues, and in being a forum through which the central executive bodies can be called to account”.

In relation to UWA I would be concerned over any move to diminish the democratic engagement of staff, students and alumni in the governance of the university. My research into co-operatives suggests that a careful balance must be found between the members, the board of directors and the executive management to preserve the harmony between what is best for the members, what is best for the organisation, and what is best for the community they serve over the long-term.

Democratic engagement in governance, plus the fostering of a common sense of purpose and ownership are critical. Once the executive assumes too much authority and the staff, students and alumni feel disenfranchised the rot sets in and organisation risks losing sight of its original purpose. This generally does not have good long term consequences.

Kind regards.

Winthrop Professor Tim Mazzarol

UWA Business School

University of Western Australia,

Affiliate Professor Burgundy Business School

Groupe ESC Dijon, Bourgogne, France &

Adjunct Professor Faculty of Business and Economics,

University of the South Pacific.

Tel: +618 6488-3981

Mobile: +61 (0) 422-914-850

Also:

Director of the Centre for Entrepreneurial Management and Innovation (CEMI)

www.cemi.com.au , Coordinator of the Co-operative Enterprise Research Unit (CERU)

<http://www.business.uwa.edu.au/research/co-operative-enterprise-research-unit> , President of the Small Enterprise Association of Australia and New Zealand (SEAANZ) www.seaanz.org

