

‘How Should Diversity in the Higher Education System Be Encouraged?’

Position Paper developed for the Business/Higher Education Round Table Summit Task Force

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A. Background – rationale and approach

In approaching the task of developing a position paper on how diversity should be encouraged in the higher education sector, the authors were conscious of several key factors:

1. That ‘diversity’ in the context of this paper should be largely restricted to a consideration of what Goedegebuure *et al.* (1996)¹ defined as “*systemic diversity*” relating to the differences that can be found between universities within the higher education sector.
2. That considerable work has already been published in this area – including the authoritative and detailed work edited by Meek and Wood (1998)².
3. That any consideration of diversity is naturally dependent on a clear understanding of the role of universities in a modern context. As UNESCO (1996, pp. 131, 134)³ observed:
universities ... unite all the traditional functions associated with the advancement and transmission of knowledge: research, innovation, teaching and training, and continuing education...[as well as] a fountainhead for culture.
4. That any overly specific policy recommendations made for encouraging diversity would be unlikely to be useful as public policy is seldom able to be dictated by a single consideration or issue. Rather, there is a need to embed a consideration of the need to encourage diversity into whatever broad policy context is being pursued at any particular time by the policy-makers of the day. Hence, the position paper has tended to concentrate on the principles that need to be considered in policy development rather than attempting to suggest specific policy directions *per se*.
5. That a discussion paper is most effective when its approach tends towards the provocative.

¹ As cited in Marginson, S. 1998, ‘Competition and diversity in the reformed Australian higher education system’, In Meek & Wood (1998) *op. cit.*, p. 82.

² Meek, V.L. & Wood, F.Q. (Eds.) 1998, *Managing Higher Education Diversity in a Climate of Public Sector Reform*, EIP, DETYA, Canberra

³ UNESCO 1996, *Learning: The treasure within: Report to UNESCO of the International Commission on Education for the Twenty-First Century*, UNESCO Publishing/Australian National Commission for UNESCO. See also the AVCC’s ‘Australian Universities’ accessible at www.avcc.edu.au/avcc/pubs/facts00/f00unis.htm.

B. The Concept of ‘Desirable’ Systemic Diversity

Systemic diversity in the higher education sector implies the existence of universities that exhibit differences in such features as institutional missions, stakeholder groups, course offerings, pedagogical approaches, industrial relations environment, research foci, funding base, size, location, etc. However, ‘diversity’ can take many forms, not all of which are inherently desirable. A central theme of this paper is that desirable forms of sector diversity must be identified, rigorously defined and, ultimately planned for if they are to occur with any certainty.

To elaborate on this point, it is argued that systemic diversity can be manifest in a number of forms, not all of which are necessarily beneficial to the sector or its stakeholders. For example, diversity created by a group of universities overspecialising to the extent where they lack the rigour to reinvent themselves if their operational environment demands such a change would clearly not be desirable with regard to the long-term stability of the sector. Similarly diversity which involved universities adopting a range of differing but static missions would also be unlikely to represent a higher education sector that was globally competitive and able to meet Australia’s needs in the areas of teaching and learning, research and community service. Diversity must be manifested in ways that imply dynamism, competition, continual improvement, adaptation and innovation – as is required to position the sector to meet the considerable demands imposed by mass higher education, lifelong learning and globalisation.

Similarly, not all the strategies available to universities to seek to differentiate themselves in the market would necessarily lead to desirable outcomes. For example, market strategies involving universities competing on the basis of price at the expense of quality could compromise the integrity and reputation of the entire sector and so would not represent a desirable sector outcome – in fact, diversity based on hierarchies of quality of offerings and services originating by whatever mechanism would be disastrous for the sector. Likewise specialisations need to be pursued in a manner that produces constructive forms of diversity – a market niche should not be a hiding place but rather a platform for increased competitiveness and innovation. As well, the impact of the de-emphasising of some areas of activity in order to specialise in others needs to be considered in terms of its impact not only on the long-term rigour of the institution concerned, but also in terms of its impact on both the immediate stakeholders and the rigour of the higher education sector as a whole. In this context, important but poorly profitable (such as Creative Arts and some languages) or poor demand courses (such as is emerging in many of the hard sciences) clearly must be preserved and encouraged to prosper.

An important consideration is that discussions of diversity should not simply be used as a basis for justifying or rationalising existing trends to reduce the public support of higher education. The identification of niche markets or the concentration of activities to emphasise recognised strengths should be options pursued by universities as legitimate business strategies to improve their contribution to the sector and their long-term prosperity, not as directions which universities are coerced into because of the need to contract as a result of lowered public support.

It is suggested that desirable systemic diversity is contingent on institutions that in themselves exhibit a reasonable degree of ‘internal’ diversity. Internal diversity helps to ensure not only institutional rigour and the ability to meet the full range of needs of that

institution's own diverse constituency, but also reflects a hard held belief that there is a minimum range of activities that a university must undertake to remain a university. High level scholarship is perhaps the most central feature of a university, supporting a sustainable profile of teaching, research and community service. In the Australian context there has been a general acceptance that all universities need to be involved in the full range of activities to remain vibrant and relevant institutions. (This is in contrast to the situation in the USA, for example, where a much larger and more diverse system has the scope to support more specialist institutions - such as Liberal Arts Colleges which do not tend to be associated with pure research.) Certainly, it has been strongly argued by the newer universities that a move to a model in Australia which was based on an assumption that the concept of a 'teaching-only university' is anything other than an anachronism could prove disastrous for higher education here. Such a position, it is argued, would be likely to create an underclass of college-type institutions which are poorly competitive for students, staff and resources, and serve to encourage renewed complacency and conservatism in the large traditionally 'elite' universities. At the other extreme, it has been generally realised that there is a need to broaden the focus of traditional universities, as observed by UNESCO (1996, p. 134)⁴:

Each university should become an 'open' university, offering possibilities for distance learning and learning at various points in time. ... These should include both vocational training and personal development courses. Furthermore, in keeping with the idea that each person should be both learner and teacher, greater use should be made of specialists other than faculty members: teamwork, co-operation with the surrounding community and community service by students are some of the factors that can enrich the cultural role of higher education institutions.

Certainly, considerable progress has already been made in this area in Australia as traditionally research-intensive universities have introduced extensive innovation in teaching and learning (including the use of innovative communications and information technologies), and significantly increased the levels of industry and community collaboration over the past decade.

Alternative models have been proposed, of course, with arguments for a greater concentration of research activity (typically based on arguments relating to efficiency, effectiveness and the need to ensure international competitiveness) being promoted strongly from some quarters. One interesting variant on this theme sees the large research-intensive universities moving more to specialising in research and higher degree study and relying less on their own undergraduate students through a growing reliance on recruiting students from other universities serving as 'feeder institutions'.

Clearly, a range of possible models exists for a 'constructively' diverse higher education sector. Before addressing issues such as *how diversity can be encouraged*, more work is needed to decide *which diversity is required* for the sector to best serve Australia into the future.

C. The Will to Encourage Diversity

Promoting diversity is facilitated in an environment that prizes diversity. The potential benefits of system diversity, if correctly manifested, should therefore be identified and widely promoted.

⁴ UNESCO (1996), *op. cit.*

Diversity within the higher education system *potentially*:

- provides a richness of vision where new markets and new approaches are sought;
- provides choice to the client;
- helps to ensure that the diverse needs of diverse client groups are met;
- provides a sound basis for innovation and adaptation to change;
- provides a sound basis for solutions to be generated to problems that arise from within a dynamic operating environment;
- provides the basis for individual institutions to develop a unique identity⁵;
- provides the basis for universities to specialise and develop niche strengths to better compete in the market and more effectively utilise scarce resources;
- provides a basis for healthy competition through diverse institutions being encouraged to innovate for competitive advantage;
- promotes the talent development of a diverse body of staff;
- maintains a balance within the system between competing responsibilities in the key areas of teaching, research and community service;
- promotes a culture where non-conformity is accepted as the norm and hence innovation is encouraged by creating an environment where difference is not feared; and change is addressed rather than avoided.

D. The Means to Encourage Desirable Forms of Diversity

(i) Plan for diversity

The encouragement of a free higher education market alone cannot guarantee that ‘desirable’ forms of diversity will necessarily develop. As well, as noted by Kemmis *et al.* (1999, p. 30):

...the consumer alone cannot create diversity. Though student demand helps to support diversity once it has emerged, the process of choice-making does not determine the range of choices. Breadth of choice is dictated not by the consumer but the supplier and by the larger setting in which the supplier operates⁶.

An over-dependence on competition to drive higher education reform has also led to other detrimental trends – such as the development of artificial barriers being created to cooperative arrangements between universities⁷, a certain inefficiency in resource use associated with a certain degree of unnecessary duplication across the sector, as well as the dramatic increase in universities’ expenditure on marketing and self-promotion, and the lack of a cohesive and coordinated approach to Australia’s entry into globalisation.

To ensure that the Australian higher education sector achieves a form of diversity that will serve the interests of the nation and its many stakeholders in the light of future demands, sector diversity must be appropriately planned. If the desired form of sector diversity can be identified and defined then its development can be planned for, utilising strategies such as the

⁵ Considine, M. & Marginson, S. 2000, *The Enterprise University*, Cambridge University Press points to the negative impact of the ‘identity crisis’ which is resulting from the degree of continual change undergone by the sector.

⁶ Kemmis *et al.* 1999, *op. cit.*

⁷ For example, as recently noted by ANZAAS – see *Campus Review*, Nov. 8-14, 2000, p. 4.

strategic use of public funding as a means of encouraging its development. This theme is explored further below.

(ii) Fund for diversity

Firstly, there is a need to ensure that the funding provided to the higher education sector is appropriate to it carrying out its roles and responsibilities within society to suitable levels of excellence. This invariably requires strong public support. It is unquestionable that public funding policies over the past decade have impacted negatively on all Australian universities; and that the pool of funds made available to support research in Australia, from both public and private sources, are woefully inadequate.

However, there is also a need to review how public funding is distributed to individual universities. There are strong arguments which suggest that current approaches to sector funding do not serve to encourage competition and innovation. For example, it can be argued that the newer universities are frequently bearing the brunt of innovation in areas such as teaching and learning – particularly with regard to lifelong learning and equity – without necessarily having the infrastructure and financial base to bear this burden for this responsibility. The teaching of ‘non-traditional’ students is frequently more resource intensive than for traditional students, with all other factors being considered, and for outcomes that appear less impressive on superficial analysis. Neither trait is taken account of in current funding policy which tends to undervalue the resource needs of the newer universities and does not fully recognise or value their contribution to the higher education sector as a whole. As well, even when a leadership position is established by the newer universities, funding disparities within the sector often mean that insufficient capital is available to position the university to fully exploit this advantage, particularly as Australian business and industry is well known to be a poor source of venture capital for local innovation. Many newer universities exhibit the desirable traits of being ‘fast, fluid and flexible’, potentially affording them market advantages, but enforced constraints based on traditional paradigms influencing such factors as funding and perceived prestige makes them potentially ‘fragile’ as well.

A radical review of sector funding arrangements must occur. As argued above, the form of sector diversity desired must be identified and defined and its development must be planned for, using the means by which public funding is allocated (being employed strategically rather than through systems which self-perpetuate historically-derived divisions), and the encouragement and support of private funding as major components of the strategies put in place to achieve the desired ends. This will undoubtedly involve radical departures from the mindsets which currently drive funding policy – including a consideration of greater funding on the basis of need, a change in the way that quality and excellence are perceived and assessed, a consideration of seed funding for innovation, the encouragement of strategic partnerships, and the support of (even to the extent of rewarding) risk-taking balanced by sound business management.

Maximising the potential created by diversity will also require a number of difficult issues to be resolved. One is the urgent need for increased investment in national infrastructure – such as in information resources as is occurring in Europe and North America – to ensure that a base level of national resources is available to all universities as a means of promoting a better basis for effective competition and perpetuating constructive forms of diversity.

A second key area is the need to ensure that Australia improves its level of private funding which is injected into local innovation. Recognition needs to be given to the importance of all members of the three-way partnership – university / government / industry – contributing to this occurring. Government policy in areas such as providing tax concessions for industry on investments in innovation, the provision of targeted seed funding and the encouragement of partnerships and collaborations is critical to success in this area.

(iii) Do not encourage conformity:

Government policy has a major impact on institutional behaviour, both directly and through influencing the environment in which universities operate. Policy makers therefore need to be conscious of the impact that they can have on influencing sector diversity.

The following points are raised as a consideration for policy makers:

- Broaden the definition of what it means to be a university and encourage universities to develop their own unique missions. Encourage originality and the pursuit of broad social missions, rather than restricting consideration to “*a single mission template based on the traditional teaching and research doctoral universities*”⁸. Support universities as they extend beyond their traditional roles into increasingly uncharted territory.
- Adopt a broad base for the consideration of excellence⁹:
 - Identify institutions’ own strengths and uniqueness of contribution rather than attempting to determine hierarchies based on some singular assessment of overall institutional performance.
 - Ensure that the sector’s new quality management body adopts a paradigm of quality that is suitable for a higher education sector entering the twenty-first century rather than being constrained by traditional views and prejudices.
- Adopt / Encourage the sensible use of performance indicators:
 - Do not punish originality.
 - Encourage meaningful benchmarking which encourages continual improvement rather than league tables which promote a hierarchy of institutions all trying to emulate a single model.
 - Encourage the use of indicators as a basis for internal decision making rather than for external scrutiny for its own sake – institutions should be made accountable to the communities and constituencies they serve, not to central bureaucracies.
 - Adopt an approach to performance assessment that is supportive of institutions rather than inquisitorial.
 - Broaden the base of ‘prestigious’ indicators to embrace the expanded roles of modern higher education in terms of supporting mass higher education , open

⁸ From Kemmis, S., Marginson, S., Porter, P. & Rizvi, F. 1999, ‘Diversity is the bottom line’, *The Australian*, 10 November 1999, pp. 30, 33.

⁹ “*In terms of extremes, there are two possible institutional responses to increased market competition: institutions can diversify in an attempt to capture a specific market niche, or they can imitate the activities of their successful competitors. The direction in which institutions respond depends on a number of factors, not the least of which are the history and traditions of particular national systems and the reward structure put in place by policy*” (Meek & Wood *op. cit.*, p. 17)

learning, lifelong education and educational equity – all of which demand a widening of educational participation¹⁰.

- Seek to improve the means by which performance indicators are contextualised to take account of local conditions and issues. In general, appreciate that it is possible for all universities to have an equally high standard even though it can be difficult to compare institutions based on their functional differences.
- Base institutional assessments on the institution's own mission and goals.
- Encourage risk taking (which is the essence of entrepreneurship) within the framework of sound management. Many examples exist of universities being encouraged (even obliged) to be overly conservative in the way investment or venture capital can be used. For example, in Queensland an anomalous situation has arisen where the Commonwealth, as the major provider of public funding to universities, is urging entrepreneurship and innovation while the regulation of universities' funding is under the control of conservative and often punitive State-based regulations monitored by the State Treasury Department.
- Ensure a sound and objective information base for the stakeholders of university services – particularly prospective students. It is generally appreciated that many prospective students are under-informed and base their choices of university / course on factors such as perceived reputation and cut-off entry scores¹¹ rather than on such factors as quality and relevance of curriculum which may be more relevant to the quality of their subsequent educational experience.

(iv) Maintain a *balanced* regulatory environment

As argued in point (i) above, a free higher education market cannot necessarily be relied on to ensure that desirable forms of diversity emerge in the sector. At the other extreme, over-regulation, where a particular view is imposed by a central agency typically provides a blueprint for conformity¹².

The reality for the higher education sector is that some form of regulation is inevitable and, ultimately, desirable. It is the balance achieved between central regulation and a reliance on market forces in a semi-regulated market which is critical. This obliges policy makers to ensure that whatever regulation is being contemplated should be considered carefully in terms of its effects on sector diversity.

The following points are highlighted for consideration by government:

- Fund universities so as to maintain a diversity of missions to meet the needs of the sector overall. Part of this involves utilising methods of sector funding that do not support a reversion to elite models of higher education that narrows higher educational participation

¹⁰ "... traditional definitions of quality focus more on resource wealth than on the aspects of student life and experience that strongly affect learning, such as curricular flexibility, informal interaction with faculty and peers, and a general education emphasis in the curriculum" (Chickering, A.W. & Reisser, L. 1993, *Education and Identity*, 2nd edition, Jossey-Bass, San Francisco. p. 459).

¹¹ James, R., Baldwin, G. & McInnis, C. 1999, *Which University? The factors influencing the choices of prospective undergraduates*, EIP, DETYA, Canberra.

¹² For example, refer again to Footnote 9.

and reduces the role of the sector to serving particular enclaves of society and special interests¹³.

- Develop the sector to be globally competitive by continuing to encourage strategic alliances that exploit individual strengths and encourage their full development.
- Continue to devolve responsibility for decision making to the local level. Clearly, decisions made at the local level are more likely to generate different solutions between institutions through allowing local factors and interpretations to be taken into account.
- Maintain competitive arrangements for the allocation of ‘funding buckets’ such as for research but recognise niche strengths and the uniqueness of contributions rather than using formulae that overemphasise selected overall institutional strengths or a limited criteria based solely on traditional paradigms. Also, seek to change the culture of ‘winners’ and ‘losers’ by encouraging ‘competing’ teams to collaborate in innovative and productive ways.
- Encourage a balance between constructive diversity and the potential for overspecialisation – for example, it would be undesirable for regional universities to fail to provide a reasonable range of services to their own communities. Ensure that universities are accountable to their own communities and constituents.
- Seek workplace relations legislation that provides: “... *freedom for universities to use their workforces in different ways among themselves and in different ways at different times ... [implying] the need for various kinds of flexibility in numbers, functions, employment modes, and so on*”¹⁴ - with the directions shown by reforms to *The Workplace Relations Act* over the past few years being seen as useful to the generation of system diversity in this regard.

(v) Appropriately develop staff in the sector

Staff in the higher education sector of all types and at all levels are having to deal with the need to become more flexible in an ever-changing and increasingly competitive operational environment. The process of diversity would be facilitated if staff were developed in ways that better prepared them to support it and to better cope with its impact.

A particular emphasis should be given to the need to develop and train middle and senior management in areas such as business management and planning, breakthrough leadership and change management.

¹³ The findings of the AVCC-supported study of student finances may provide useful information in this regard. It is well recognised that student contribution and funding policies have a significant impact on student participation. (For example, Miller, P.W. & Pincus, J.J 1997, *Funding Higher Education: Performance and diversity*, EIP, DETYA, Canberra; Karmel, P. 1998, ‘Funding mechanisms, institutional autonomy and diversity’, In Meek & Wood 1998, *op. cit.*; and Anderson, D., Johnson, R. & Milligan, B. 2000, *Access to Postgraduate Courses: Opportunities and obstacles*, Higher Education Council Commissioned Report No. 64, NBEET, Canberra.)

¹⁴ Blackford, R. 1998, ‘The diversity of the Australian university system and the need for workplace flexibility’, In Meek & Wood, 1998, *op. cit.*, p. 78.

E. Conclusion

Systemic diversity is desirable in the Australian higher education system, but not in every form that it can potentially be manifested. Market forces alone cannot be relied upon to create forms of systemic diversity that will provide the optimum benefits to the nation and the sector's diverse stakeholder base. There is a need to appropriately plan for systemic diversity in the Australian higher education sector and to employ resources strategically to implement the desired plan. Critical to success in this area is the need for funding reform towards a system that supports institutions pursuing their own identities while supporting diversity within institutions and the maintenance of important areas which may otherwise be compromised if market forces alone are operating. Also important is the need for a change in perception of what represents excellence in the university context away from traditional paradigms based on history and prestige. It is likely that the recently established Australian University Quality Agency (AUQA) will have a major impact on these changes in perception.