

Perspectives of UK Vice-Chancellors on Leading Universities in a Knowledge-Based Economy

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Abstract

This paper draws upon the experiences and perceptions of ten university vice-chancellors in the United Kingdom on the challenges they face in providing leadership and strategic direction for their institutions into the twenty-first century. The paper reveals the perceptions and spoken words of these leaders as they identify the key challenges shaping higher education, their strategies for addressing these challenges, their struggle to maintain the core mission of universities and finally, implications for the future of higher education.

Introduction

There is considerable debate regarding whether universities are in crisis, demise, or merely in the process of restructuring to meet the needs of a knowledge-based economy (Blackmore, 2002). Universities are robust institutions that have existed for almost a millennium. Many of the medieval traditions and structures of these institutions have endured throughout the centuries, making it difficult for university leaders to bring about significant change. The ‘idea’ of the university, characterised by a community of scholars, governed by academic authority, protected from external interference and dedicated to the pursuit, preservation and dissemination of disciplinary knowledge (Coaldrake, 1999) is being challenged by globalisation, the high demand for access, public sector management and financial reform that links allocation of resources to the achievement of defined measures of productivity and excellence.

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The emergence of new information and communication technologies, new service providers such as corporate, for-profit and virtual universities, along with private universities and colleges, poly-technical institutes and specialist institutions embedded in a competitive international higher education market place have challenged the privileged position of universities on the higher education landscape (Middlehurst, 2001; Gross Stein, 2007).

In a knowledge-based economy, educated people and their ideas have become the basis for establishing the wealth of nations. A university education has never held so much value (Gammage & Mininberg, 2003). The UK government's White Paper, *Our Competitive Future: Building the Knowledge-Driven Economy* (DTI, 1998) acknowledged the importance of education as both an investment of human capital and in the production of research or new knowledge:

A knowledge driven economy is one in which the generation and the 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 and exploitation of all types of knowledge in all manner of activity. (DTI, 1998)

The World Bank (1998) highlighted the significance of knowledge development, acquisition and dissemination in their *World Development Report: Knowledge for Development*:

For countries in the vanguard of the world economy, the balance between knowledge and resources has shifted so far towards the former that knowledge has become perhaps the most important factor determining the standard of living. Today's most technologically advanced economies are truly knowledge-based (Cited in DTI, 1998)

Business, industry and governments have acknowledged the significance of knowledge as the engine to drive their social and economic prosperity. Governments have responded by demanding broader access to higher education, challenging post-secondary institutions to become more diverse, to engage with the outside world, to partner with the private sector, to develop and apply knowledge to achieve public benefit and to balance basic with applied research to address policy needs (Coaldrake, 1999). In short, these external demands make it difficult for universities to remain small and disconnected from the outside world. The values and practices that have governed an elite university system are no longer sufficient to address the externally imposed measures of quality, value and good practice and demands for widened access to a university education.

This paper draws upon the experiences and perceptions of ten university vice-chancellors in the United Kingdom on the challenges they face in providing leadership and strategic direction for their institutions into the twenty-first century. The paper reveals the perceptions and spoken words of these leaders as they identify the key challenges shaping higher education, their strategies for addressing these challenges, their struggle to maintain the core mission of universities and implications for the future of higher education. Vice-chancellors were selected as representatives of a broad spectrum of universities with consideration given to such factors as geographic location, Research Assessment Exercise ranking and institutional size. The vice-chancellors of the following institutions consented to participate in the study: Eric Thomas from Bristol University, Steven Schwartz from Brunel University, Robert Burgess from University of Leicester, James Drummond Bone from University of Liverpool, Graeme Davis from University of London, Alan Gilbert from University of Manchester, Michael Driscoll from Middlesex University, Colin Lucas from University of Oxford, Graham Upton from Oxford Brookes University and David Vandelinde from University of Warwick. The data were collected in 2004–2005 and are based on approximately 1.5-hour audio-recorded conversations with each vice-chancellor, following a semi-structured interview guide. The audio recordings were transcribed verbatim and then returned to the vice-chancellors for verification and approval. The transcripts were analyzed for emergent themes and insights related to higher education and leadership in the knowledge economy. The following are the key themes that emerged from the conversations.

The purpose of the university

One of the most pressing concerns for vice-chancellors is the fundamental challenge of globalisation and the demands of the knowledge economy on the traditional mission of the university and its important role in society. There is an ideological struggle between ‘economic views of the purposes of higher education, the traditional liberal idea, the bureaucratic drive of the state and the effect of the New Right in framing educational policy since 1979’ (Greatrix, 2001, p.13). The Vice-Chancellor of Oxford, Colin Lucas, cautions: ‘One of the greatest distortions is this sense that the only thing that universities are for, is to drive the economy. The core mission of universities is threatened by a narrow value system.’ The government’s preoccupation with fostering a culture of enterprise, on building skills of entrepreneurship, the promo-

tion of research, and on industry-education relationships (Peters, 2002) threatens the core purpose of the university and implies an emerging hierarchy of knowledge whose value is determined by economic measures and outcome. This is illustrated by Prime Minister Blair's (DTI, 1998) view of the role and priorities of government as explained in the forward to the White Paper on *Building the Knowledge-Driven Economy*:

The Government must promote competition, stimulating enterprise, flexibility and innovation by opening markets. But we must also invest in British capabilities when companies alone cannot: in education, in science, and in the creation of a culture of enterprise. And we must promote creative partnerships which help companies to collaborate for competitive advantage; to promote a long-term vision in a world of short-term pressures; to benchmark their performance against the best in the world; and to forge alliances with other businesses and with employees.

Despite the interests of government, vice-chancellors are keenly aware of the significant role universities play in not only providing 'the cement that keeps a secular civilisation together through the transmission of human values' (A. Gilbert, University of Manchester) but also in their 'commitment to an ethical imperative of engaged democratic action in a lopsided world.' As autonomous institutions they are 'extraordinarily important in their capacity to fashion solutions that government and the private sector cannot' (A. Gilbert). There is an awareness of the pressing concern to preserve the academic traditions (academic freedom and institutional autonomy) that are the foundation stones of civilisation.

There is a concern among these university leaders of the commodification of knowledge and the currency of holding a university degree. Credentials from particular universities become positional goods.

We all know that education is a commodity that can be bought and sold, often at a very high price. So universities are busy doing that – charging students a large amount of money to study in England because it is a popular destination. Branding and marketing take the front seat and education is in the back. (S. Schwartz, Brunel University)

Reflecting on the traditional role of the university, the Vice-Chancellor of University of Oxford, is concerned that 'commodification threatens to destroy not only scholarly democracy but civilisation itself.'

These leaders in higher education discuss the importance of preserving knowledge democracies. In a university all academic disciplines are treated equally, because the core mission of the university is to educate (J. Drummond Bone, University of Liverpool) and to transform knowledge, people and places (E. Thomas, Bristol University).

Vice-chancellors agree that there can be no hierarchy of knowledge because universities are the last bastions where individuals have the freedom to:

study and unravel the mystery to find that which is hidden, to find new knowledge of the mind, body and socio-economic ways in which we relate both as individuals and collectively on the physical and natural world around us. . . . we are not here to say that there is something inherently better, more valuable and more morale about trying to understand physical science. . . . Is it fair to ask whether the power of the inquisitive mind in Humanities is less worthy of funding than some laboratory apparatus? (C. Lucas, University of Oxford)

The Vice-Chancellor of Oxford discusses the importance of sustaining knowledge democracies:

Civilisations are sustained by knowledge democracies. What universities do is produce generation after generation of responsible, creative, innovative, distinct individuals who have learned in whatever subject they choose to study, how to understand that which they mean to understand, how to constitute meaning where none is visible, how to make decisions, how not to be misled by seemingly true or simplistic explanations, how not to charge after fashion, how to have a conscience, how to have beliefs and values and not to give way to temptations, intimidators, the racists and the fascists that underlie so much of the world in which we live. If we don't have that, we won't go on as a culture, civilised society. (C. Lucas)

While few vice-chancellors would dispute the traditional roles of universities, diminished government funding has forced some institutions to be more responsive to the needs of government, business and industry.

I think that universities need to be real about the world in which they inhabit and they need to be real in thinking how they are a business. They are in business with higher education at their heart. They are into marketing themselves, competitiveness and global market challenges. (R. Burgess, University of Leicester)

Universities are social as well as economic engines for society. They are set up for the benefit of the community, to train people, and they are often one of the largest employers in a region outside of the public sector (J. Drummond Bone, University of Liverpool). The Vice-Chancellor of Oxford Brookes, Graham Upton, views the modern university as a unique corporate business that is vital to innovation and community well being. He explains, 'We have to be more business-like. We have become a regional resource for research and development and professional and business workforce development needs. Corporate funding and development are the third stream of the university.'

The Vice-Chancellor of University of Manchester, Alan Gilbert, acknowledges the need for universities to respond to government and market pressures. He is concerned that universities become 'sidelined by their conservative refusal to compromise by protecting the core values of the university.' As a leader he sees huge strategic concern that higher education has become locked into big business in the 21st century:

Knowledge has become the most important currency in the global economy and unless universities become more adept and strategic in knowledge transfer and meeting the training needs of business, then there will be mass opportunities for other service providers to become involved in education solutions.

He cautions, 'corporations will create private universities when they perceive that university training is inadequate, too costly, unfocussed and doesn't pay off in increasing employee loyalty.' However, the commercialisation of higher education needs to be constrained within the idea of the university as an autonomous institution.

Former Secretary of State for Education, David Blunkett (2000) confirmed the concerns expressed by vice-chancellors regarding the future of universities and the role of the state in determining that future:

In the knowledge economy, entrepreneurial universities will be as important as entrepreneurial businesses, the one fostering the other. The 'do nothing' university will not survive – and it will not be the job of government to bail it out. Universities need to adapt rapidly to the top-down influences of globalisation and the new technologies, as well as the bottom-up imperatives of serving the local labour market, innovating with local companies and providing professional development courses that stimulate economic and intellectual growth. Above all, quality will be paramount. Diversity with quality will be the benchmark by which UK higher education will be seen and judged by those making choices, as businesses, individuals and nation states across the globe. (Blunkett, 2000)

Key external factors driving the transformation of universities diminished government funding, diversity and quality assurance

In the UK DfES (2003a) White Paper, *The Future of Higher Education*, then Secretary of State for Education and Skills, Charles Clarke, stated his concern that despite the strong history of success of the higher education system in England 'it is currently under severe pressure and at serious risk of decline' (DfES, 2003a, p.13). He argued that universities need to improve high standards, expand and widen access, strengthen links with business and compete globally. He outlined three challenges

internal to higher education: the recruitment and retention of high calibre academic staff to improve and sustain teaching and research; the maintenance of infrastructure for researching and teaching and assurance that the investment in higher education is used to the best effect (DfES, 2003a, p.13). He goes on to acknowledge that the higher education sector has embraced 'life-long learning, research, knowledge transfer, social inclusion and regional and economic development' and that it would be 'unreasonable to expect all higher education institutions to sustain all of these activities simultaneously at global, and not just national, levels of excellence' (DfES, 2003a, p. 20). His recommendation is to continue to have institutions diversify so they can 'play to their strengths' and to consolidate research in fewer institutions so they can continue to compete with the best universities in the world (DfES, 2003a, p.13).

The former Secretary of State for Education and Skills made this point in 2000:

In order to retain world-class university research in an increasingly competitive environment, government support for research must be selective. It is vital that we sustain world class excellence . . . [research funding] is also very tightly focused – some 30 institutions gain three quarters of all public research funds, a degree of selectivity which is comparable to that in the USA. (Blunkett, 2000)

Clarke concluded, through the strategic application of scarce resources 'individual institutions will be able to focus on what they do best, while the sector as a whole achieves a wider range of objectives' (DfES, 2003a, p. 20). This translates to some institutions concentrating on teaching, while others focus on research.

The Research Assessment Exercise is identified by vice-chancellors as one of the major drivers toward the stratification of institutions and among individual scholars. Institutions have been driven toward greater involvement in research by incentives in the funding mechanism and by criteria used to award status as a university (DfES, 2003a). When universities see themselves as sharing the same mission – to be research-intensive institutions – they become competitors rather than collaborators. The Vice-Chancellor of University of Manchester summarises the predicament as follows:

The gap between global population and access to higher education, commercialisation of higher education, short-sighted government deal-making, academic conservatism, the monocular expectation for all higher education institutions to be research intensive and organisational infighting have created an unsustainable higher education paradigm. (A. Gilbert)

Another vice-chancellor commented, 'research and refereed publication quotas is the new normative model being pressed by government policy around the world and the only sure result of that will be to make universities more expensive. The bulk of universities can't afford to be research intensive' (E. Thomas, Bristol University). The Vice-Chancellor of Brunel University highlights the problem of staff retention and poaching of academic superstars to bolster Research Assessment Exercise ratings:

There are 43 post-secondary institutions in London, so turnover among faculty is very high. Tenure does not mean a lot in regard to switching institutions.¹ Good people are never concerned about it. Salaries mean much more than tenure, especially when you are living in an expensive place like London. (S. Schwartz)

In a global knowledge economy competition to be among the top ten research universities in the world is a serious challenge that involves attracting and retaining top academic faculty and students. The biggest global challenge for UK universities comes from the four dominant American private universities (Harvard, Yale, Princeton and Stanford) because of their enormous endowments (over 11.2 Billion dollars) that allow them to attract outstanding researchers and offer very competitive salaries, attractive employment schemes and up to date facilities. Not only can they attract Britain's academic elite, they can also buy the smartest international students through scholarships, making it very difficult for the UK to compete. The Vice-Chancellor of Oxford explains,

The Americans succeed through the power of their financial base, backed by their political firepower in setting the agenda for how to define universities by what they do and what they should be spending their money on. Most universities in the UK find it hard to escape that agenda. (C. Lucas)

Widening participation and government intervention

Recent government White Papers, *The Future of Higher Education* (DfES, 2003a) and *Widening Participation in Higher Education* (DfES, 2003b) made the claim that the social class gap in entry to higher education remains unacceptably wide and all of those who stand to benefit from higher education, despite their socio-economic background, ought to be encouraged to do so. The UK government aimed to enrol 50 per cent of the population in education before the age of 30. This desired increase in participation comes along side the increased expectation for universities to maintain or increase their rank in the quality assurance and research

assessment exercise. These factors combined have resulted in new admission standards and fee structures and the emergence of institutions that specialise in meeting the needs of diverse learners.

Traditionally admission to universities has been the responsibility of universities and colleges. They have been free to set their own admission criteria, choose their own assessment methods and select their own students (DfES, 2004, p. 2). They have also been free to develop courses and programs of study that have been shaped by the research interests of faculty employed by the university. While the government acknowledges the right of universities and colleges to be self-determining, they want to ensure that admission systems are fair and 'provide equal opportunity to all students regardless of their background, to gain access to courses suited to their ability and aspirations' (DfES, 2004, p. 5). They have created the Office for Fair Access (OFFA) to consider, monitor and approve university access agreements and to monitor universities efforts and progress in implementing its access agreements (DfES, 2004, p. 6). The development of new courses and subjects involve an elaborate approval process, requiring unprecedented justification that addresses labour demand, economic viability and the articulation of learning outcomes and tuition fees.

According to the higher education leaders, there is simply not enough supply to meet the student demand for access to universities in the United Kingdom. Top ranked universities retain their status by attracting the best and the brightest researchers. Researchers are rewarded for basic scientific inquiry, publishing in scholarly journals and supervising graduate students. The result of these increased pressures and expectations is that universities are compelled to be selective in admitting students:

On the one hand there is a strong motive that universities are there to provide the knowledge to drive the economy. Hence, you have to be very competitive, producing the best means in these universities. On the other hand, there is the requirement for us to provide for all the various new demands that all institutions must provide for such as increased access for non-traditional part-time students. (C. Lucas, University of Oxford)

The Vice-Chancellor of University of Liverpool explains, 'There is this rhetoric about widening participation as being democratic but the league table decision-making system is weighted toward traditional applicants from high flying private schools' (J. Drummond Bone). It is difficult for universities 'to over-come their position in these tables' because the criteria are dominated by success in research and research funding (A. Gilbert, University of Manchester). We heard that 'in higher education the top of the table is occupied completely by world class research

institutions. If you want to be at the table or even near it, you've got to bust a gill to be able to say you've got a world class research environment' (E. Thomas, Bristol University).

Universities leaders share the concern that governments have moved from being providers of funding for higher education to focusing on quality assurance. Since the late 1990's there has been a surge in regulations designed to assure consumer protection. Blunkett (2000) in his speech on higher education rationalised the role of government in creating a system of external regulation for higher education to assure both quality and academic standards because high quality higher education is at the heart of the productive capacity of the new economy. University leaders view these new regulations as mechanisms that reduce institutional autonomy and indicate a massive and unprecedented extension of the level of government and state control over the direction and delivery of higher education.

Global markets and internationalisation

The integration of an international, intercultural or global dimension into the teaching, research and service functions of universities is a growing global trend among academic institutions (Knight, 2003, 2004; Scott, 1998). It is motivated by both ethical and economic factors. Blunkett (2000) explained the economic imperative behind internationalisation and in particular the recruitment of foreign full-fee paying students:

At the same time, international student numbers are growing and competition to recruit them is intense. Countries are vying to ensure that overseas students choose their domestic universities and colleges and for very good reason. These students not only bring economic gains – vital as these are – but cultural contact that enriches our communities and provides lifelong links between people across the world. That is precisely why we now have a government-led strategy for international recruitment – so that we can raise our market share in relation to our major competitors from 17% to 25% by 2005. We must have big aspirations, even if we are a small country. It is absolutely clear that we must use the competitive advantage we have been given by the English language and the international reputation of our higher education system to make major strides in these markets. (Blunkett, 2000)

University leaders acknowledge the deep inequities inherent in the current trends in globalisation and internationalisation of higher education and feel that governments and universities in developed societies such as the United Kingdom have an ethical obligation to respond to the persistent global divide in the provision of post-secondary education to qualified people. For example, in China and India there are three times

more qualified applicants than there are universities placements resulting in 70 million students denied access. 'This is the stuff of revolutions,' cautions one vice-chancellor (A. Gilbert, University of Manchester). However, diminished government funding has driven universities into the arms of business and industry and grabbing full-fee international students (J. Drummond Bone, University of Liverpool). The Vice-Chancellor of Middlesex University, Michael Driscoll, explains that by recruiting international students who pay premium fees they have mitigated a very difficult funding position. Our 'international reimbursement has been very good, we've been very successful, very organised and able to compete.'

Since the late 1990's the UK has had over 140,000 international students involved in academic programs under the auspices of British universities elsewhere in the world (Scott, 1998). International students make up 13 % of all students in UK higher education and bring in over a billion pounds in fee income nationally (HESA, 2004; UKCOSA, 2004).

The imperatives of the knowledge economy and the globally competitive higher education market have resulted in universities adopting strategies of profit driven corporations which involves developing means to market higher education programs effectively and treating intellectual property as a commodity (Altbach, 2002). Many universities have developed strategic alliances with academic institutions in other countries to accommodate student demand for access to higher education with programs that are culturally appropriate and of high quality: 'Through collaborative networking with other universities we work to develop symmetries, recognizing that institutions must be culturally appropriate. By working together both dominant culture and the developing culture traditions can be enriched' (A. Gilbert, University of Manchester). Middlesex University has established offices internationally and created a network of regional directors who not only help to recruit students who pay premium fees but are also able to support and deliver quality instruction around the globe.

The Vice-Chancellor of University of Bristol explains their involvement in the WorldWide Universities Network (WUN), an alliance of 16 universities in the UK, USA, Europe and China:

The purpose of [WUN] is to do research dominantly in a way that it can't be done otherwise. The fundamental basis of where we've got to, is that there is now problems of such complexity, requiring multiple intellectual, physical and human resources that single institutions cannot address them. . . . They can only be addressed by powerful global alliance. (E. Thomas)

It brings faculty members together in communities of interest and provides the brokering, support and intellectual venture capital required to facilitate international projects. He describes how the WUN's collaborative networking process works: 'it follows an implementation sequence of identifying allies, establishing an ICT grid, identifying research priorities and a shared student training system.'

Reflecting upon University of Manchester's involvement in Universitas 21, Alan Gilbert explains the merit of establishing collaborative alliances to create solutions to the global problem of providing access to higher education and opportunities for universities on a scale that none of them would be able to achieve operating independently or through traditional bilateral alliances. 'Globally differentiated strategies are needed, rather than campus-based solutions that will only work in developed societies which constitute 15 % of the world.' Through the use of information technology we could

invent on-line solutions that were cheaper and easier to gear up to very large multiples. . . . We thought it was possible to use the brand strength of an established university to create a product in which people would have high confidence. Universitas 21 was a secondary brand. It is an on-line collaborative franchise model solution that is legitimated by investment by reputation, quality assurance and certification of established universities. (A. Gilbert)

All Universitas 21 member institutions are research-led, comprehensive universities providing a strong quality assurance framework to the network's activities. We see that, 'collectively they enrol over 600,000 students, employ over 80,000 academics and researchers and have over 2 million alumni. Their collective budgets amount to over 10 billion US dollars.'

Partnership with business and industry

Universities have become power drivers of change and are critical to local and regional development because they produce people with knowledge and skills, generate new knowledge and import it from diverse sources and apply knowledge in a range of environments. To assist universities to embark on these ventures, government has developed the Knowledge Transfer Partnerships (KPT) scheme, which provides funding to help facilitate the transfer of knowledge and expertise between academia and business.

Blunkett (2000) referred to universities as 'the seedbed for new industries, products and services' and the 'hub of the business networks and industrial clusters of the knowledge economy'. Rationalised and focused

government funding has forced universities to become more entrepreneurial and aggressive in seeking new markets and sources of income. For example, Warwick University earns over 54% of its income from non-public sources; and both City University and Cranfield Business School generate nearly half of their income from the private sector. University of Oxford grew technology transfer by investing half a billion US dollars in infrastructure and grew the university press to diversify its income.

Another area of expansion for universities in meeting the professional and business work force development needs is through continuing professional development. In addition to providing traditional professional programs, increasingly universities are providing short courses tailored to individual needs. Oxford Brookes offers professional courses in business, health care, teacher education, engineering, architecture and planning. Brunel University offers degree programs that combine work and study and emphasise applied research. They have joined the West-Focus Consortium, a partnership of seven higher institutions that collaborate together to realize commercial and social potential and to engage with business and the local community. Universities are creating new business units staffed with full time management and academic and professional expertise contracted as required.

Key internal challenges constraining transformation of universities

Modern universities have become big businesses. They are large and complex organisations with thousands of faculty and staff, annual budgets measured in the hundreds of millions, offshore campuses, global alliances and a wide variety of revenue generating business operations. In a traditional university the vice-chancellor was primarily the academic leader who raised revenue and defended the university against the depredations of the outside world. Management and leadership positions were decided on the basis of academic authority and people were appointed on a rotating basis. Administrative appointments were viewed as temporary service that took the scholar away from the 'real' business of the university: teaching and research. However, the knowledge economy has transformed many universities into professionally managed corporate organisations with non-academic specialists responsible for areas such as human resource management, financial and investment planning, marketing, technology transfer and management of information systems (M. Driscoll, University of Middlesex). For example, Brunel University flattened the administrative structure of the university

so that 'there is only one management committee in the whole university and it includes the vice-chancellor, the deputy, the pro-vice-chancellor and the heads of schools. The vice-chancellor explained, 'we filled our senior management positions with people who had never worked in universities before. The HR [human relations] person came from mining, another from banking. It's probably made a big difference to Brunel and its ability to move, in that people aren't weighted down with a lot of public service type history' (S. Schwartz). Graham Upton suggested 'most academics are happy if the place is running well and giving them what they want without them having to be on a decision-making committee' (Oxford Brookes University). In the modern university the vice-chancellor is more commonly viewed as the Chief Executive Officer with executive authority to make decisions. New administrative and financial structures have focused on reducing bureaucracy and decision-making processes to enable institutions to respond more quickly to global opportunities. At University of Manchester, the ordinances of the university state more explicitly 'the President who is head of the institution – is the CEO and an academic leader.' This change was in response to 'the impossible task for a university president to get 3000 people to endorse each decision, generating deep constitutional ambiguity' making it difficult for the university to respond to change (A. Gilbert, University of Manchester).

The vice-chancellors in this study discussed a number of strategies they have employed to lead their institution into the 21st century; however, the biggest challenge identified is the need to change the organisational culture and the traditional values of people working within the university. The desire to remain complacent and internally focused impedes the transformation of universities to becoming nimble, competitive, internationally ranked institutions (E. Thomas, University of Bristol). Vice-chancellors have to help colleagues to understand the nature of the competitive educational market, to shift thinking in how the institution needs to be managed, to raise aspirations about what the institution can achieve and to formulate a strategic vision that people are willing to implement (R. Burgess, University of Leicester). The future lies in 'very smart planning, highly skilled choice making and determining a strategic focus' (C. Lucas, University of Oxford). It is about institutions getting their core business right (S. Schwartz, Brunel University).

The problem is that academic communities are not motivated by the short term. From one university, the view was expressed that 'the nature of research and the nature of the academic pursuit is about the long term, the legacy you leave behind and what you are building . . .

[academics] are heavily committed to doing what is right' (G. Davis, University of London). Unlike a business or corporation, the vice-chancellor cannot simply tell people what to do because in a university, faculty members have academic freedom and can speak out against initiatives with impunity. Academics have more allegiance to their research discipline than to the university, as whole; this results in turf protection. The vice-chancellor needs to have a network of people involved in 'intelligence gathering' to be able to swiftly deal with 'even the faintest hint of a revolution' (S. Schwartz, Brunel University). According to one vice-chancellor, 'you have to lead with flow and authority. You can never be out of touch with what faculty are thinking . . . if in the end faculty don't follow you, it isn't because they are stupid, it's because you are out of touch' (S. Schwartz).

The Vice-Chancellor of University of Liverpool 'leads by influence' and attempts to 'inspire rather than control, setting the tone for change, helping people want to change and then facilitating the achievement of those changes.' He explains, 'You need to start by setting the agenda for change, then you have to look at who is going to be a driver or champion of that change, who is going to be a passenger and who, quite frankly, is going to stand against it' (J. Drummond Bone). 'The challenge is not simply to understand what the problems are, but to get people to agree upon the strategies. . . . If vice-chancellors are detached from faculty and running too far ahead, they'll be accused of tyranny or betrayal' (C. Lucas, University of Oxford).

'Changing perceptions in the university involves getting people to start thinking about major issues by looking at the data on the institution,' said Professor Burgess of the University of Leicester. Academics like to make decisions based on evidence. So, 'if everything is done in the open and the reasoning behind why you are doing things is transparent, then the academic community will live with it, even though they may not like it. . . . The academic community is such that they can't abide with a feeling that there are deals being struck in a political sense, so that the undeserving perhaps get some form of preferred treatment against the deserving' (G. Davis, University of London).

The vice-chancellors were in agreement that the core instrument to the effective transformation of the university resides in the strategic plan and never losing sight of the goal. Being a leader comes from being really committed to the value in what you are doing.

In the end, in this kind of business the only sure reward is a good conscience, so you'd better protect it. You can't expect everyone, or even anyone, to understand. You can't expect their applause. There will be a lot of

misunderstanding and a lot of cynicism but in the end, the one thing you can retire with is a good conscience. To retire with a good conscience, as a University President, now means being relentlessly strategic. This means not just trying to move an institution incrementally but basically confronting it with the real issues that have to change profoundly. It is about being highly strategic in aspiring to achieve very substantial change. (A. Gilbert, University of Manchester)

Implications for the future of higher education

Higher educational leaders, whether discussing challenges, strategies or reflecting on best leadership practices, are clearly experiencing unprecedented changes, shifts and developments in the structures, systems, strategies, functions, resources and services to their constituents. Economic restraint and role-mandate diversification, together with fundamental community fragmentation, place extraordinarily complex issues and dilemmas before higher education leaders. With these challenges, Gardner (1995, 152) said 'the only hope for vitality in large-scale organisation is the willingness of a great many people throughout the organisation to take the initiative in identifying problems and solving them'.

The higher education leaders from the United Kingdom that participated in this study are clearly guiding their institutions through the murky waters of the new economy by following Gardner's advice and not only identifying challenges but also developing strategies to overcome them. What and how do key educational leaders think about the challenges in the context of the new economy? The leaders who participated in this study identified the challenges facing universities as the changing mandate or purpose of the university, diminished government funding and finding new sources of revenue to the institution, widened access to the system, commercialisation of higher education, competitive international markets, government intervention and changing the internal culture of the university to respond to the demands of the new economy in a nimble and efficient manner.

What strategic orientations and practices do they engage in to adapt their work and sustain their core mandate effectiveness? The response of the vice-chancellors varied depending upon the age, tradition, location and ranking of their institution within in the various national league tables (HEFCE, 2001) and international academic ranking schemes (Shanghai Jiao Tong University, 2003). The key strategies included the creation of new models of the university with a mandate to strategically position their institution to compete in a differentiated and diversified higher education system; developing strategic alliances and symbiotic

relationships both nationally and internationally with other institutions of higher education; creating networks and collaboration with the private sector; renewing and revising the financial and administrative structure of the university; in some cases being actively involved in the regeneration of communities and, in all cases, increasing the visibility of the university in the regional and national community. These leaders are cognisant of the important role universities play in generating the social and economic prosperity of their nation and in leading these institutions they bring all the wisdom and intelligence they have to ensure 'that the best and most precious of what the university has always stood for, is not lost in the face of the brave new, essentially pragmatic world of education in the global knowledge economy (Gilbert, 2000, p. 38).

Note

1. Tenure for academic staff was abolished in the UK in the 1988 Education Reform Act. 'Before the Education Reform Act 1988, tenure in UK universities was governed by each university's charter and (internal) statutes. Mostly, staff enjoyed a "hard" form of tenure, but degrees of tenure differed between universities.' (Dnes and Seaton, 1998, p. 496).

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