**Dilemmas in Management Due to the Reform of Universities:
the Case of the Danish University Act**

*by*

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*Due to the University Act in Denmark, top managers (Rector and Pro Rector) of the universities are now "hired hands", employed by professional university boards.*

*The rectors are appointed to lead the transformation of universities to manage global competition among universities and an increasing market-orientation. However, although the tasks of the managers are quite different in the new situation, the top and middle managers are still recruited on basis of their academic merit.*

*This poses a series of dilemmas for the top managers, the middle managers and the organization as a whole, e.g. which kind of leadership is desirable for universities and which kind of leadership is actually possible? Is there a need for defining a special kind of leadership in higher education organizations? Will the need for a new kind of management collide with the self-knowledge of values and ethics in research and teaching in higher education institutions?*

*This paper discusses the above mentioned issues. As a framework, the paper will (in short) describe the global challenges for universities and the Danish University Act, and definitions of management and leadership to meet the challenges will be suggested.*

**Introduction**

In Denmark, universities have moved from being "low politics" objects to becoming a relative of the "high politics" family. Research, education and innovation are seen as the rocks in the river of globalization, and the universities are among the catalysts of ensuring the welfare state. In order to prepare the universities for the large task ahead, the Danish Parliament passed a University Act in 2003. The Act is not yet fully implemented. However, there is no doubt that the aim of the Act is to change the universities to professionally run corporations that can encompass rapidly changing demands from government, trade and industry, and can compete with universities internationally.

Professional management is an important element in changing the universities and in ensuring that universities are capable of delivering high quality research and education, and of marketing, co-operation, and development necessary for coping with competition.

But what kind of management is needed and how can this kind of management be created?

These questions will be addressed in this paper. The focus will be on midlevel managers – the managers who are expected to implement the strategy of the university, but who are also the ones with direct contact with the scientists. These managers should build a bridge between the highly autonomous scientists and the general management.

The point of reference is the University Act, passed in 2003, and the references in the policy to management. The analysis of the policy is elaborated on with perspectives from organizational theory, primarily inspired by Mintzberg (1983) and the New Public Management (NPM) initiatives that have spread so widely in the public sector.

Professional management is here understood as management as a profession by education and (or) experience.

The focus in this paper is the conditions for management at universities and to a lesser extent how "to do management" – that is also called human resource management.

The discussions in this paper are probably relevant to higher education institutions overall, but here the focus is on universities. In addition, a lot of the discussions about management and leadership are probably relevant to more levels, but the emphasis here is on midlevel managers, here understood primarily as heads of departments, but also deans and managers in administration.

The paper contains, first, a description of the general challenges for universities, followed by a section about the "new" frame for university management in Denmark, *i.e.* the new Act, the development of contracting and NPM and the classical values and beliefs that are still fundamental for universities. Possible contradictions and dilemmas about governance and the organization of science are described in the following section, including views on science and the change in organizing universities. Then challenges and management space for university managers are discussed and it is suggested that the term "hybrid manager" is developed in this context. Finally the descriptions and discussions are summarized and some perspectives are introduced.

## Challenges for the universities in the 21st century

An essential ingredient in ensuring economic growth and future welfare and prosperity is investment in research, education and innovation. At the same time, universities have to adapt to a situation where institutions are competing globally, Gram Jensen ( 2005).

The recommendation from the OECD is that total research investments increase to 3% of GNP – and the countries in the EU have joined this objective – the so-called Barcelona Objective, Danish Research Council (2002).

The overall challenge for universities is, therefore, to secure a high quality of research and education to help ensure the total welfare in their mother country and in the OECD countries. Not a trivial task. The conditions for "solving the riddle" are also posing challenges as the structures change. Among the structural changes that will influence the university establishment, the following can be identified, as has been done in, for example, OECD publications; Connell, OECD (2004):

- The Growing significance of research for the knowledge society and economy, leading to a growing prominence of research policy for governments.

- Changes in funding: from certain government funding to competitive allocation, targeting by priorities and performance-based funding – leading to both more competition and more cooperation between institutions and also leading to an increased focus on quality assessment and management.

- Research is increasingly interdisciplinary and problem focused.

- Changes in the core features of the university: a move towards mass institutions, a questioning of the balance between teaching and research – within the institution as a whole – and within the responsibilities of individual academic staff; a move towards more commercialisation of research, thus a diversification of research activity within the institutional orbit.

- Demand for greater accountability from the broader society: tighter control over the use of public funds; increased demands for compliance with ethical and legal regulations.

**The frame for university management in Denmark**

The Danish Government has adopted the international tendencies and recommendations. Higher education institutions, especially universities, are targeted in numerous initiatives and papers. As the external challenges call for inner strength in university management, the Danish Parliament, in 2003, passed a University Act.

*The University Act*

A ruling principle in the Danish University Act is a greater autonomy, *e.g.* the universities can more freely decide the various educations supplied, the organization of the university, recruitment, co-operation, etc., as the Ministry influence and the influence by elected bodies has decreased or even disappeared in some matters and is replaced by a Board as described in Videnskabsministeriet/Ministry of Science (2005).

According to The Explanatory Notes to the Draft Bill on Universities (2003), the aim of the Act is to:

" … improve the conditions and opportunities of the universities to give multi-disciplinary and strategic priorities to the composite educational, research and dissemination activities and to the many complex and fast changing needs of society."

And the means of achieving this for the institutions are described quite distinctively:

"To do this, their management will have to be strengthened, and to an even higher degree, their management must be able to give a high priority to the multi-sided and complex demands encountered both within and outside the universities."

To be exact, the Act phases out:

- The elected Academic Council ("Konsistorium") as superior body and Faculty Councils.

- Election for rectors and deans.

- Election for the heads of departments.

Instead, the Act introduces:

- The appointed Board with a majority of external members.

- The Board engages and discharges the Rector.

- The Board engages and discharges the managing director and pro-Rector after the nomination by the Rector.

- The Rector engages and discharges deans.

- Deans engage and discharge heads of department.

- Elected Academic Council and Tribunal with honorary assignments for Studies

A typical organization at a university after implementation of the University Act is shown in Figure 1:

Figure 1. **Example of an organizational structure for a university - here the University of Copenhagen**
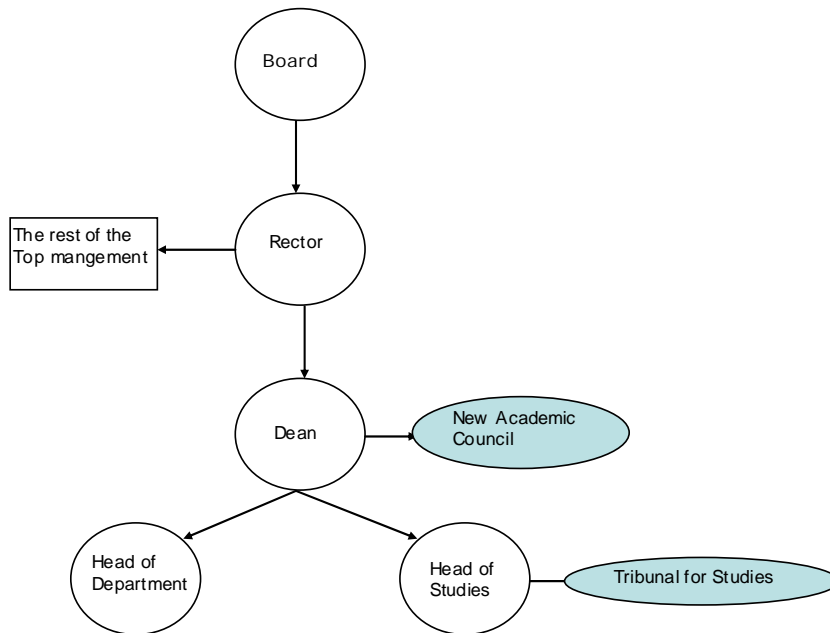


## Contracting

The University Act has a strong focus on management and leadership, but is not very explicit about how to implement modern management. However, on management tools the Act is more explicit. In section 10 it says:

"The Board enters into Development Contracts with the Minister."

Mentioning a specific management tool in an Act text must suggest an expectation that development contracts are here to stay.

Development contracts have existed between the responsible ministry and the universities since 2000 and they explicitly focus on success criteria and measurements of output – as Kjølhede, *et al.* (2000) put it:

"in a way never seen before in the Danish university sector"

The introduction of University Performance Contracts, as they were called at that time, introduced a direct focus on:

"developing the framework conditions that are a prerequisite for achieving the best possible result from research, teaching and other activities. Central themes will therefore be: organisational development, quality management mechanisms, systematic internal reporting systems and publication of results and key figures." (Ministry of Science, 1999)

This focus was subsequently refined and the system of development and performance contracts is a part of management at all Danish universities.

In general, such contracts are an essential issue and tool in the New Public Management modernization of the public sector, *e.g* as described in Christensen and Laegreid (ed.) (2002, p.104f), and contracts involve a move from a hierarchical to a market-based approach to the organisation of output, according to Walsh (1995), for example.

As can be seen in the Danish case, contracting is introduced in the university sector earlier than is the management issue in preparing the universities for the global challenges for universities (as described above). In other words, contracting is older and more rooted than is the introduction of the kind of management and managers whose task it is to implement the processes and practices connected to the new public management regime.

**Values and culture**

The new way of organizing and managing universities can be looked upon as a rupture with the fundamental characteristics of universities that in this context are a unique history, the institutional autonomy, the academic freedom and the collective tradition for management, *e.g.* as described in *Recommendations for Good University Management* (in Danish) (2003).

- *Unique history:* Universities are among the oldest and yet most vibrant organizations. Universities have been central carriers of values and culture for society as a whole and they still are.

- *Institutional autonomy:* A university is (or has been) able to make decisions about its own organization – although independence not is the same as independence of external limitations.

- *Academic freedom*: The institutional autonomy must ensure the academic freedom of the university; the principle that researchers have the freedom to select methodologies, procedures of analysis and topics within the framework of the university's research topics.

- *Collective leadership*: Universities have a distinct tradition for collective, elected leadership and a comprehensive involvement of employees and students.

These values and culture are still seen as fundamentals for universities as organizations.

**Possible contradictions and dilemmas about governance and the organization of science**

Implementing a new kind of government and organization of universities poses possible contradictions, dilemmas or even conflicts at several dimensions.

One way of describing the possible schism between the societal NPM-regime dominant at the policy level and the perspective in basic science in universities can be seen below:

Table 1. **Two perspectives on science**

| | The classic, academic perspective on science | The societal perspective on science |
|---|---|---|
| **The purpose of science** | To accumulate certified knowledge as an end in itself | To produce knowledge for practical application |
| **Quality evaluated by** | Intra-scientific criteria (reliability, consistency, originality, objectivity) | Intra- and extra-scientific criteria (relevance, utility, economic impact) |
| **The individual researcher's research should** | Be independent and autonomous | Be managed in accordance with societal and organisational objectives |
| **The prime source of control is** | Peers in the prestige hierarchy | The (professional) management of the employing organisation |
| **Best possible development of the institution of science takes place through** | Self-organisation | Design by institutional and political management |
| **Images of the nature of research and researchers** | Research is unpredictable and therefore unmanageable; the serendipity model; a researcher can be described as a kind of artist<br><br>The individualist perspective:<br>· The researcher is a "selfemployed" person who motivates him(her)self<br>· The researcher must be autonomous and free to set his or her own agenda for research: free thinking is the basis for creativity and originality<br>· Research is a personal calling for the few; it is a highly elitist and unique activity<br>· Researchers are individualists and loners | Research is purposive and intentional. Management is possible as most researchers do standard research and work with set methods ("puzzle solving");<br><br>The high-skilled employee perspective:<br>· The researcher is an employee who sometimes needs to be motivated<br>· The researcher must integrate his research agenda with the desires of stakeholders: free and institutional thinking<br>· Research is a professional calling; it is a craft which can be taught<br>· Researchers are individualists and team players |

*Source:* Kjølhede, *et al.* (2000)

Kjølhede, *et al.* (2000) argue that these two perspectives are to a large extent each other's antitheses (although they exist alongside each other), and that if they are left unmediated, the two perspectives will lead to conflict and sub-optimal use of resources. It is argued that this is in fact what has been the case in many industrialised countries for decades.

Another view is to view the implementation of contracting and professional management as a movement from a "Meritocracy" to a market-oriented organization:

Table 2.  **Characteristics of the government of universities**

| Government of universities: Characteristics: | Meritocracy | Market |
|---|---|---|
| Values | Scientific quality, scientific professionalism | Free choice, competition |
| Societal trends | Technocracy | Individualization, liberalism |
| University as "open house" to | Professors | Innovators, careerists |
| Focus on | Profession | Results |
| Organizational thinking | Professional bureaucracy | Classical configuration |
| Management thinking | Divide and rule, combined with professional management | Strategic management |

*Source*: inspired by Hanne Foss Hansen, 2004


**Challenges and space for managers and management at the universities**

Managers are caught in this sea of possible conflicts and dilemmas posed by the traditional academic values versus the new public management approach, with emphasis on market-orientation and contracting and, as another dimension, the societal versus the academia view on science.

The new way of organizing universities is a classical model, building on a divisionalized organization and a vertical hierarchy. The focus is on strategy, competitiveness, quality and adaptability, which means that the aim is to recruit managers with a focus on management by objectives – as Foss Hansen (2004) states.

On the other hand, the University Act stresses the traditions and values of universities. In terms of management the Act aims to build a bridge between the two standpoints. As it says in the explanatory notes (2003):

> "Leaders (Rector, Deans and Heads of Department) at all levels must have academic and managerial legitimacy"

As part of a Danish research project – the REMAP project (R&D Management Processes under Rapid Change) – an interview analysis was carried out among university managers about the reform of management and the introduction of contracting (Brink Andersen [2002] and The Danish Institute for Studies in Research and Research Policy [2003/9]), from which the following is inspired.

The analysis shows that a vast majority of interviewees note how the management at the level of the Rector, the deans, as well as the heads of departments, ideally all possess qualifications and competences that are scientifically professional and – also – qualifications and competences that are of a more professional managerial character, for instance in the form of managerial experience attained outside the universities. However, the analysis also shows a clear tendency towards the attitude that the qualifications and competences of a more managerial-professional character are viewed as more relevant at the rectorate and dean levels than it is with regard to the management at the level of departments. The significance of scientific professionalism and competences in relation to this intermediate level of management is an essential part of the reason why a majority of the interviewees declare that the departmental management ought also in the future to be recruited from within the scientific staff at the department.

The interview material also reveals a need to clarify the optimal allocation of managerial tasks between the different levels of administrative management.

*Space for management*

The external, societal challenges and the internal challenges, as described above, determine the space for management for the top managers at the universities, as well as for the mid-level managers.

The top managers focus on the external challenges and their focus on internal management and leadership for scientists is more limited. The mid-level managers cannot afford to lose focus on the external relations – especially to industry – as the focus on supplementary financing and cooperation with industry increases in importance. On the other hand, the mid-level managers cannot lose their focus on the scientists and on the leadership of scientists either. In Figures 2 and 3, respectively, I have tried to describe the "spaces for management" for top managers and for mid-level managers.

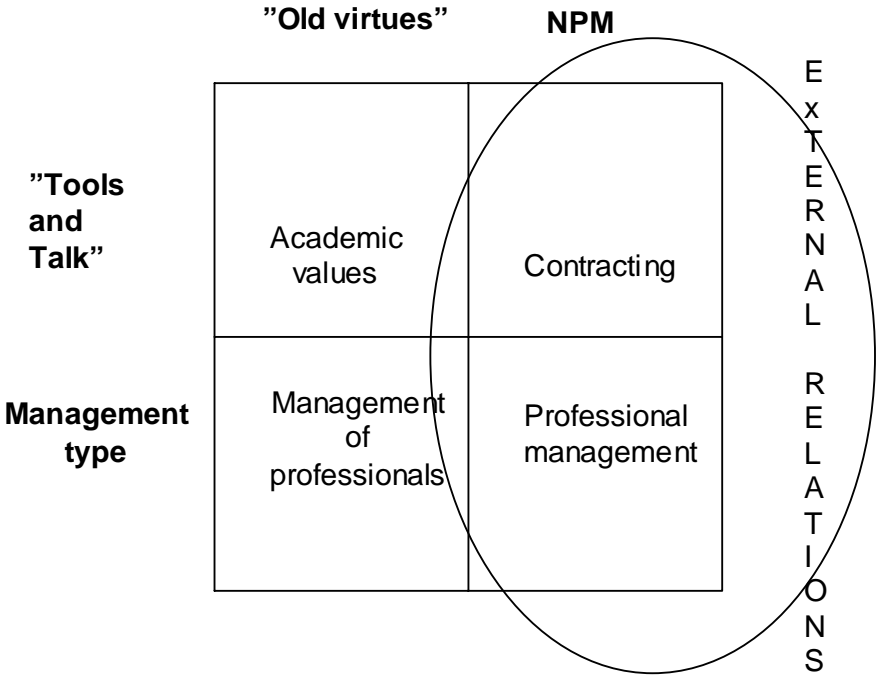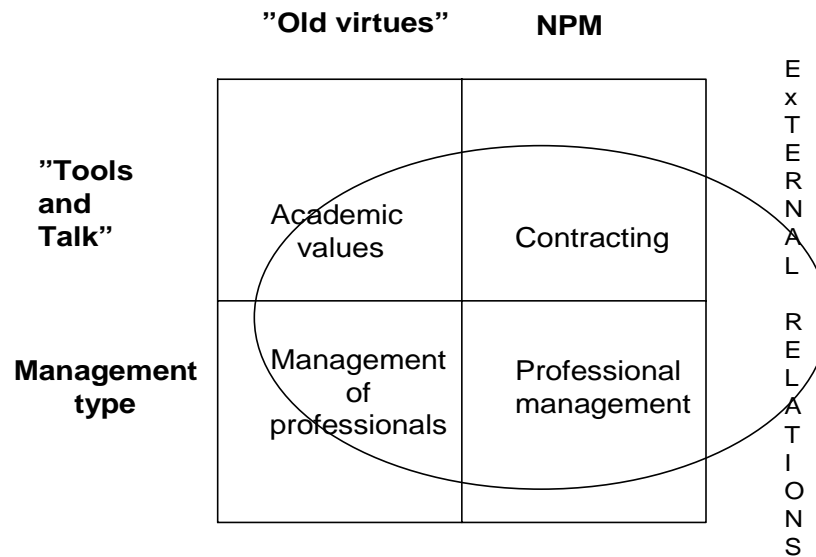Figure 2.  **Management space for top managers at universities**

Figure 3. **Management space for middle managers at universities**

**"Old virtues"**  **NPM**

**"Tools and Talk"**

Academic values

Contracting

**Management type**

Management of professionals

Professional management

EXTERNAL RELATIONS

The figures above tell us about what managers have to face – not so much what the limitations are or how the tasks should be tackled.

*Mid-level manager qualifications and legitimacy*

On basis of what has been described and discussed above, I will try to discuss which qualifications are necessary or desirable for mid-level managers at the universities in order to meet the challenges. The University Act states that managers must have both academic and managerial legitimacy. In the following I will try to summarize and point out some of the qualifications that can constitute both kinds of legitimacy.

To meet the challenges of the new regime at universities, the mid-level managers must, for example, be able to:

- Introduce appropriate management techniques – among them the ideas of contracting – both on the strategic level and in the person-to-person management.

- Collaborate with external relations in industry and in government bodies, which demands some of the same management skills used in commerce, as described in OECD/IHME Report (2004).

- Develop strategies for the whole institution in co-operation with other managers.

- Ensure support and skills in the financial, personnel, system and public relations area.

Management of scientists:

- Develop informed academic strategies – from the *raison d'etre* of the institution/department to the research of the individual scientist(s).

- This demands knowledge of the scientific disciplines.

- An understanding and appreciation of the university culture and academic culture.

- Reduce complexity in order to make good conditions for research – *i.e.* creating a frame for and environment for the employees' self-guidance of their activities (Kjølhede, *et al.* 2000).

### *Development of the hybrid manager?*

As is stated by the OECD (2004), this is not a common combination of skills.

Additionally, it is not necessarily a very attractive carrier to be a manager in a professional world. Another type of organization, hospitals, which are comparable to universities in terms of the introduction of NPM and being a workplace for highly specialized individuals, have been the "targets" of management reforms for much longer than the universities.

Consultant physicians have stated that the toughest thing about being a manager is to lead highly specialized individuals (Kragh Jespersen, 2005, p. 117).

In hospitals, a new approach to building a bridge between the autonomous physicians and the general management is called being a "hybrid manager", as described and analyzed in Kragh Jespersen (2005).

The challenge – and the task – for the hybrid manager as described by Kragh Jespersen (2005) is to:

- Act in both worlds (the professional world and the management world).

- Connect the two worlds with a possible synergy and new forms of expertise.

The possible gain for both the individual manager and for the organization is the development of a special kind of management able to function as communicators and mediators between the professional management and the management of professionals – with a possible enrichment of both worlds.

It is significant that management is not an issue in any of the development contracts made between the individual university and the Ministry of Science for 2005 (see the Ministry of Science website), although internal management is such a prominent issue in the University Act.

Although the focus in development of management and managers must be on the individual manager and his or her potential, a few issues to support appropriate management at universities could be considered on both a governmental level (ministry and university) and on an organizational level (top level of universities and local level), *e.g.*:

- Definitions and discussions of the space for management.

- Specification of goals and means for developing management competences and qualifications in the development contracts and in local contracting.

- Making possible and visible the opportunities to develop unique management skills – and making university management a real career opportunity as an alternative to professorships.

- Clarification of which managerial tasks are allocated to which levels.

- Clarification of the changing framework for management – for all employees.

**Summarizing and perspectives**

The new and not yet fully implemented University Act in Denmark has a strong focus on management. But although it is emphasized that managers are to be both managerially and academically legitimate, it seems that most eggs are put in the managerial basket. This can be seen as a product of NPM and specifically contracting being the governing principle for university governance as it is for the public sector as a whole.

Some of the contradictions and dilemmas this pose have been described above. On a generic level there is:

- The societal versus the classical, academic perspective on science.

- The movement from universities as meritocracy to market-oriented bodies.

And subsequently, on the space for management it leaves some suggestions for managers at the mid-level of universities of how management and managers at universities can develop into a kind of "hybrid manager" who can encompass the challenges.

What is not dealt with above is the question of what happens if the mid-level management is not developed to encompass both the traditional academic values and the NPM-regime.

An interesting discussion could be that decentralized units with no or weak management will widen the gap between the university top managers and the departments. It could be argued that this cannot be in the interest of scientists, since they need the best possible conditions for performing.

It also can be argued that universities compete in an "NPM-market" and that universities are simply lost in the competition if they do not adjust to the demands of the regime. Organizations with strong support bodies and management used to, or even educated in, the NPM-regime, speak the language. On the other hand, this poses a risk of abandoning the traditional values and beliefs in the unique university world.

The theoretically simple explanation to how a space for management true to the NPM principles is created without violating the classical values and culture is: by not abandoning the values and beliefs and encompass them in the management space. That is probably not possible if the mutual knowledge of both "worlds" is not developed and cared for.

The ability to cope with duality – and the answer to this question asked in *On the Edge* (OECD, 2004):

> "Have we developed an integrated management team in which the academic and non-academic manages respect each others' contribution and share a common set of values and objectives?"

must be yes …

Science is complex, of course. But an interesting perspective is also the growing complexity in science itself: the need for multi-disciplinarity in searching for new eminence and excellence may imply a greater need for support, coordination and new skills among the scientists and their managers.

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