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| Title | Leadership and Management and the challenges facing the Modern University: Reflections, Challenges and Values |
| Author(s) | Cannon, SJ |
| Citation | HKU Convocation - 'Leadership and Management and the challenges facing the Modern University: Reflections, Challenges and Values', Hong Kong, China, 21 August 2014 |
| Issued Date | 2014 |
| URL | http://hdl.handle.net/10722/208185 |
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Leadership and Management and the challenges facing the Modern University

Reflections, Challenges and Values

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August 21, 2014



Reflections

- Steve Cannon

- University of Warwick (1983 – 1985)
 - Administrative Assistant/Assistant Registrar
- University of Warwick Science Park Ltd (1985 - 1987)
 - Finance and Administration Manager
- University of Dundee Medical School (1987 – 1992)
 - Finance Manager
- Dundee College of Art (1992 – 1994)
 - College Secretary
- University of Dundee (1994 - 1996)
 - Deputy Secretary
- Scottish Government (1996 – 1998)
 - Director of Finance, Strategy and Corporate Affairs
- University of Aberdeen (1998 – 2103)
 - University Secretary and Director of Operations
- The University of Hong Kong (2013 – Date)
 - Executive Vice President (Finance and Administration)



Reflections

- The Changing Policy Framework (UK)
 - The Golden Age (post war – late 70's)
 - The Rise of the Manager (1980's)
 - A Surrogate for the Market (1990's)
 - The Primacy of the Market (2000 onwards)



Reflections

- **The Golden Age**

- Elite system of higher education
- Generous state funding
- High levels of institutional autonomy
- UGC as a buffer body between the state and the universities
- Universities as self governing communities of scholars
- Consensual decision making



Reflections

“No need to manage

The way in which funds have been provided has had critical implications for the need for management within individual higher education institutions. Tarty expressed, **if funding is generous in relation to the task to be performed and if it is provided without a stiff accountability requirement, then those responsible for running an institution will not have to attend to the normal real-life management problem of getting the most out of resources and making and implementing, made choices about priorities. “**

John Dearlove



Reflections

- The Rise of the Manager
 - Severe reduction in state funding
 - Complex organisations
 - Jarratt Report
 - Links financial planning and academic planning
 - Vice-chancellor as CEO
 - Increasing professionalisation of support services



Reflections

- A surrogate for the market
 - Recognition that universities operate best when they operate independently of the state but...
 - ...Universities heavily dependent on public funding
 - The exact counter-balance to autonomy is accountability
 - The universities and funding councils have strike a practical bargain between the benefits of autonomy and the need for accountability
 - UGC acts as a surrogate for the market



- **Freedom from**

- An illusion given reliance on public funding

- **Freedom to**

- Allocate funds as the institution sees fit
- Recruit staff and determine their conditions of work
- Select students
- Design and deliver the curriculum
- Set standards and determine methods of assessments

“Whilst notions of **freedom from** the state are largely illusory, institutions of higher education in the United Kingdom have considerable **freedom to** manage their own affairs” (Sizer)





“Our policy for higher education is we have no policy for higher education”

All change!



Economic

- Total income amounts to £1.7 billion
- HE sector comparable with computing services industry
- HEI export earnings amounted to over £159 million
- HEIs attract £446 million from rest of UK into Scotland
- HEIs employ 42,350 (36,800 ftes)
- HEIs generate 11,000 additional 'knock on' jobs



Overseas students and visitors

- Student and visitor off-campus expenditure estimated at £141 million
- Generating additional 2,000+ FTE jobs
- Additional export earnings are calculated at £142 million



Impact on local economy

- I&E multiplier is 1.4 (£10 produces another £4)
- £245m contribution to the local economy
- Employment multiplier is 1.5 (2 University jobs = 1 other job)
- 3,000 employees create an additional 1,400 jobs largely in shops, restaurants, transport, housing, schools and the health service



“Higher education is too important to be left to itself”

“The state cannot afford the higher education it wishes to have and its citizens demand”



The primacy of the market



- Introduction of student fees
- Student number intakes relaxed
- The state is looking to corporate governance models from the private sector to secure accountability and performance in the public sector

Changing roles

- Changing role of the state from facilitator to evaluator to regulator
- Once the role of government to provide for universities and colleges
- Now the role of universities and colleges to provide for governments
- Increased funding only provided on a “something for something basis”
- Government looks to universities to provide ulterior goals i.e. HE is a means to an end



Internationalisation

- World Rankings

- Shanghai Jiao Tong (2003)
- Times Higher Education – QS (2004)
- The Economist – The Brains Business (2005)
 - Super league of world class universities
 - Intense competition for talent and prestige
 - Governments are obsessed with producing ivy leagues
 - The great universities of the 19th Century were shaped by nationalism; the great universities of today are being shaped by globalisation



Internationalisation

- **Characteristics**

- International academic market place
- Global academic currency
- Global labour force
- Global language
- Speed and ease of communication
- Common Platforms
- Universities are citizens of a global economy sending their best graduates to work for multi-national companies



Internationalisation

- QS World Rankings 2013

| Rank | Institution | Country |
|------|--|-----------|
| 1 | Massachusetts Institute of Technology (MIT) | USA |
| 2 | Harvard University | USA |
| 3 | University of Cambridge | UK |
| 4 | UCL (University College London) | UK |
| 5 | Imperial College London | UK |
| 6 | University of Oxford | UK |
| 7 | Stanford University | USA |
| 8 | Yale University | USA |
| 9 | University of Chicago | USA |
| 10 | California Institute of Technology (Caltech) | USA |
| 10 | Princeton University | USA |
| 12 | ETH Zurich (Swiss Federal Institute of Technology) | Switz'and |
| 13 | University of Pennsylvania | USA |
| 14 | Columbia University | USA |
| 15 | Cornell University | USA |
| 16 | John Hopkins University | USA |
| 17 | University of Edinburgh | UK |
| 17 | University of Toronto | Canada |
| 19 | Ecole Polytechnique Federale de Lausanne | Switz'and |
| 19 | Kings College London (KLC) | UK |
| 21 | University of Michigan | USA |
| 22 | McGill University | USA |
| 23 | Duke University | USA |
| 24 | National University of Singapore (NUS) | Singapore |
| 25 | University of California, Berkeley (UCB) | USA |
| 26 | University of Hong Kong | HK |
| 27 | Australian National University | AUS |
| 28 | Ecole normale superieure, Paris | France |
| 29 | Northwestern University | USA |
| 30 | University of Bristol | UK |



Internationalisation

- US Pre-eminence
 - Monopoly of the World's best institutions
 - Meets the access challenge
 - Why?
 - Less dependence on the state
 - Diversified income sources
 - Intense competition
 - “let a thousand academic flowers bloom”
 - It's ok to be useful
 - Full spectrum - “New Model”
 - Global strategies



Internationalisation

- World Class counts
 - University of Chicago
 - Over half of the 55 noble prize winners in economics either worked or trained at Chicago
 - MIT's Lincoln Laboratory
 - 2,400 employees \$450m annual research spend
 - Stanford
 - Google, Yahoo, Cisco, Sun Microsystems
 - University of Texas at Austin
 - High tech cluster with 1,700 companies employing over 100,000 people
 - Boston
 - In 2000, 8 research universities provided a \$7.4b boost to the regions economy generating 264 patents and 280 spin outs



Internationalisation

- Faculty

- US recruits more foreign PhD students than the rest of the OECD put together
- 66% of these remain in the US
- Only 2% of academics in France are foreign born
- 7% of newly hired professors in US are alumni of the institution in which they teach
- In France the figure is 50% and in Spain 95%
- Spain has no university in QS top 100, France has 1



Internationalisation

- Why it matters for institutions
 - Increase national and international visibility
 - Leverage institutional strengths through strategic partnerships
 - Enlarge the academic community within which to benchmark their activities
 - Mobilise internal intellectual resources
 - Enhance the student experience
 - Develop stronger research groups

(OECD 2012)



Internationalisation

– Why it matters for governments

- Develop national university systems within a broader global framework
- Produce a skilled workforce with global awareness and multi-cultural competencies
- Use public higher education funds to promote national participation in the global knowledge economy
- Benefit from the trade in education services
(OECD 2012)



Internationalisation

- Hong Kong
 - QS 2013
 - Hong Kong University (26)
 - Hong Kong University of Science and Technology (34)
 - Chinese University of Hong Kong (39)
 - City University of Hong Kong (104)
 - Hong Kong Polytechnic University (161)
 - Hong Kong universities outperform all others given level of state support



Internationalisation

- Hong Kong

- Universities in Hong Kong are finding it increasingly difficult to compete internationally
- Fierce competition from state supported systems (Singapore, South Korea, Japan and the Mainland) and market driven systems (US, UK and Australia)



Internationalisation

- Challenges

- But in the context of the challenges we now face should we all continue to strive to internationalize?
- 16,000 universities all aiming to be in the World's top 200
- What does the Hong Kong Government want its universities to be?
- What does HKU want for itself?



10 Challenges

- Over budget and underfunded
- The competition intensifies
- Setting priorities
- Moving at the speed of cyberspace
- Rethinking infrastructure
- Linking programs to outcomes
- The best and the brightest
- A sustainable future
- Education for all
- Enhanced regulation and reporting



4 Solutions

1. Revenue growth
2. Operating margins
3. Asset efficiency
4. Expectations and strength



4 Solutions

1 Revenue growth

- focus on the highest priority issues
- streamline the governance process
- empower stakeholders to quickly make informed budgetary and research allocation decisions
- Clearly define roles, responsibilities and accountabilities
- partnership working
- Better measure and report on program outcomes
- Enhance institutional brand
- Leverage social media and other online forms of ongoing communication
- Improve tracking of research income
- Consider globalisation strategies



4 Solutions

2 Reduce operating margins

- Implement and/or leverage technologies designed to streamline core business processes, such as student services, research, finance, administration, human resources and procurement
- Engage in more sophisticated planning and forecasting
- Pinpoint opportunities to share services and outsource non-core functions
- Eliminate program redundancies and inefficient processes.



4 Solutions

3 Improve asset efficiency

- Engage in talent management strategies to attract and retain the highest calibre faculty
- Streamline procurement and sourcing to optimize the supply chain
- Review regional delivery models to eliminate program duplication and pursue consolidation where it makes sense
- Extend access through distance learning and online education
- Identify and target optimal student populations
- Engage in sustainability initiatives to improve energy utilization, reduce waste and identify ancillary opportunities to cut costs and improve performance
- Rationalize IT and real estate portfolios.



4 Solutions

4 Manage expectations and strengths

- Improve information management and data analytics to identify areas of competitive differentiation
- Solicit opinions from outside the education sector
- Leverage technological innovation to better engage students and improve services
- Revisit existing strategies and processes with an eye towards identifying areas for improvement
- Benchmark against competitive institutions
- Share best practices



Leadership and Management

- The President and Vice-Chancellor
 - Chief Executive Office, “accountable for the management and organisation of the university”
 - Chief Academic Officer, “responsible for providing clear academic leadership to the university”; and
 - Chief Ambassador, responsible for representing “the university successfully and with distinction locally, nationally and international.”



Leadership and Management

- Management v Leadership
- “Management works in the system, leadership works on the system” (Covey)
 - Management is the ability to cope with complexity, to devise structures and systems and to produce order and harmony. Leadership is the ability to cope with change, to establish a new direction, and to get institutions and individuals to move in that direction.”



- “The key function of a vice chancellor is to lead the university: to harness the social forces within it, to shape and guide its values, to build a management team, and to inspire it and others working within the university to take initiatives around a shared vision and a strategy to implement it” (Bain)
- The vice-chancellors job is “to set the target that beckons” (Bennis)



Leadership and Management

- Leadership and Change
- Leadership is inextricably linked to change
- A leader's role is to
 - create a sense of urgency
 - develop an appropriate vision and strategy
 - create a supporting infrastructure



Leadership and Management

- Create a sense of urgency
 - Universities are:
 - pluralistic institutions with multiple, ambiguous and conflicting goals
 - Professional institutions primarily run by the profession often in the interests of the profession
 - Collegial institutions with the VC as the managing partner required to negotiate and persuade
- Change is difficult



Leadership and Management

- Develop a vision and strategy
 - “Set the target that beckons”
 - People will march for a phrase; they will not march for a paragraph and , even less, for a page.
 - Warwick Business School “Best in class”
 - University of Aberdeen “Towards the top 100”
- Challenging but realistic



Leadership and Management

- Create a supporting infrastructure
 - 4 key elements
 - Managerial team
 - Systems of decision making
 - Systems for communicating
 - Systems for appraising and rewarding
- “the functions of leadership is to produce more leaders not more followers” (Nader)



Shared values

- A respect for academic success
- World-class excellence is the only acceptable benchmark
- Mutually supportive formal and informal relationships at all levels between departments, schools and the centre
- An acceptance that academic initiatives cannot be programmed and that decision-making in such matters will be untidy
- A belief that decisions are best made openly and if possibly quickly and that the smaller a university's 'turning cycle', or the quicker its response time the more effective it will be in its external relationships
- A respect for good financial management, both as a means of facilitating academic initiative and as a means of ensuring accountability throughout the institution



Shared values

- A conviction that really good ideas will always attract funding from somewhere
- A belief that attack is the best form of defense and that optimism, some risk taking and a willingness to attempt new things represents a better policy than caution cut backs and academic conservatism



Executive Vice President

- **Consigliere**

- A consigliere is an adviser or counselor to the boss, with the additional responsibility of representing the boss in important meetings both within the boss's crime family and other crime families. The consigliere is a close and trusted friend and confidant, the mob's version of an elder statesman. By the very nature of the job, a consigliere is one of the few in the family who can argue with the boss, and is often tasked with challenging the boss when needed to ensure subsequent plans are foolproof.



Thank you

