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Red Queen Takes White Knight: The Commercialisation of Accounting Education in Australia

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There is evidence to support that "running fast" in terms of Red Queen evolution theory has allowed some universities to place competitive pressure on rivals and achieve elite levels of publications, international accreditation and improved international rankings. This search for improvement, driven by commercialisation, provided ways to improve performance, thus improving the university's competitive strength. There is also evidence to support the belief that "running slow" provides maladaptive consequences that could affect growth rates, quality and staff performance. The use of the Red Queen hypothesis provides an evolutionary approach to the study of strategy, strategic change and organisations. This provides an opportunity to examine competition in universities as a force that continually disturbs equilibrium.

Keywords

Accounting education, adaptive and maladaptive consequences, commercialisation, higher education, Red Queen theory, strategic management



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Abstract

This paper investigates the adaptive and maladaptive consequences of changes resulting from the commercialisation of Australian universities, specifically their accounting schools, and aims to identify the organisational changes triggered by competition that affect the growth of universities over time. The paper synthesises organisational learning theory, benchmarking theory, mimetic isomorphism and institutional theories, which are presented as "the Red Queen", itself an evolutionary theory; this synthesis provides the theoretical underpinning. The Red Queen theory posits that competition triggers organisational learning, which in turn intensifies competition in rivals that ultimately triggers an adaptive response. This self-reinforcing process produces results that may be adaptive or maladaptive.

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JEL Classification: M40, I23.

Keywords: Accounting education, adaptive and maladaptive consequences, commercialisation, higher education, Red Queen theory, strategic management.

¹ Red Queen theory, or the Red Queen hypothesis, is a metaphor for organisations prompted to search for or undertake new actions and learning in an effort to improve performance (see Derfus *et al.*, 2008); the White Knight is the metaphor for the altruistic academic of the pre-1988 Dawkins era (see Dollery *et al.*, 2006).

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“Well, in *our* country,” said Alice, still panting a little, “You’d generally get to somewhere else – if you ran very fast for a long time, as we’ve been doing.”

“A slow sort of country!” said the [Red] Queen. “Now *here*, you see, it takes all the running *you* can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!”

Lewis Carroll [nd]

The impact of commercialisation on higher education, particularly in the accounting field, is wide-ranging: from the perceived quality of accounting programs to the status of the accounting discipline within the university; from issues of immigration to the national economy; and from revenue-generating “cash cows” to providers of a social ethos and quality of life (Ryan, 2010). This paper focuses on the tensions and pressures on academics to research and publish, and the consequences, both adaptive and maladaptive, for organisational change resulting from commercialisation.

Australian universities were seduced by government reforms in the late 1980s to adopt a more businesslike profile by promises of greater resources and increased flexibility in return for greater productivity, changed governance structures and a redefined funding base (Dawkins, 1988). This restructuring of the Australian higher-education sector as a quasi-market with expanding zones of commercial activity (Marginson, 1997a; 1997b) saw higher education as contributing to Australia’s economic recovery by responding to “an international demand for competitively priced, high quality courses in Australian higher education institutions” (Dawkins, 1988, p.19). This progression, from treating higher education as a way to increase the store of knowledge to developing it into a corporate giant of the commercial world, was partly ideological and partly practical. According to Meek (1995), market competition, as opposed to centralised state control, is better able to produce innovative, adaptive and responsive higher-education institutions. Underpinning the federal government’s change of direction from a state-control model to a state-supervising model (van Vught, 1994) was the ideology of economic rationalism and privatisation (Levy, 1991).

The theory explored to support the commercialisation story is the Red Queen hypothesis (or effect), an evolutionary theory developed by Van Valen (1973) and adopted by academic theorists to explain changes in organisations (Barnett & Hansen, 1996; Barnett and Sorenson, 2002; Bertels and Peloza, 2008). In this paper the Red Queen hypothesis is seen as a synthesis of organisational learning theory (March & Simon, 1958; Cyert & March, 1963; March, 1988, 1994), benchmarking theory (Harris, 2001; Yasin, 2002; McNair-Connelly & Watts, 2006; Moriarty and Smallman, 2009) and mimetic isomorphism and institutional theories (DiMaggio & Powell, 1983; Scott, 1995; Burns & Scapens, 2000; Burns & Baldvinsdottir, 2005), and is presented as the core organising basis for the development of the role of commercialisation in higher education generally, and accounting specifically. As argued by Barnett and Sorenson (2002), competition between universities triggers organisational learning, which in turn intensifies competition that ultimately triggers an adaptive response. The literature review

provides the background and arguments for and against these developments while the theory section is used to explore behavioural changes in organisational settings

Literature review

The commercialisation of universities

From an ideological and practical perspective, the transition to commercialisation was driven by a desire to improve performance, flexibility and productivity nation-wide and provide incentives for universities to lift their performance (Productivity Commission, 1996). This view reinforces that of Hilmer (1993), Vice-Chancellor of the University of New South Wales: that enhanced competition is an unambiguous good. Commenting on competition in Australian higher education two decades ago, Marginson (1997a, p.5) observed:

During the last decade in Australia, one of the purposes of government-driven reforms in sectors such as education has been to install or enhance relations of competition. Competition is seen at one and the same time both as an end that must always be striven for, and an ever-existing natural state of affairs.

For accounting academics this has meant the introduction of full-fee-paying postgraduate programs, followed by full-fee-paying undergraduate programs, followed by commercialised research output resulting in an improved or enhanced standing for their institution (Newman & Guthrie, 2002; Parker, 2002). The result of this commercialisation has seen higher education (in particular accounting education) become Australia's leading service export, and fourth largest export overall after coal, iron ore and gold (Marginson, 2011); the sector is the biggest provider of international tertiary education in the world (Parker & Guthrie, 2010).

Adaptive and maladaptive consequences

The many aspects of implementing change in both educational and accounting environments have been addressed by various authors (Abernethy & Chua, 1996; Covaleski & Dirsmith, 1991; Hopwood, 1990). In the context of the commercialisation of higher education, where the sector was faced with broad external contextual influences including social, political and economic factors in a demand-driven and supply-regulated environment, each institution sought its own path to capturing the economic benefits provided by commercialisation. This resulted in a variety of strategies to deal with what was seen as a new freedom. However, it was the institutional desire for international accreditation in accounting, with its rigorous nature, qualifications of academic staff and quality measured by research output (Lightbody, 2010a; 2010b), that provided a structure for accounting and business schools led to both intended and unintended consequences. Such social consequences, driven through organisational evolution over time, have led universities to make adaptive and maladaptive changes in a process that can create disequilibria (Barnett & Sorenson, 2002).

Kayrooz *et al.* (2001) identified a range of consequences flowing from commercialisation that may influence the major supports of academic freedom — individual, collegial and institutional — and change the relationships between university and society (Table 1). This table suggests that eighty three per cent of individuals reported that they had not been prevented from publishing contentious results, while forty nine per cent (33 per cent and 16 per cent) reported

that they had experienced a reluctance to criticise institutions that provided large research grants. Eighty-five per cent of respondents (51 per cent and 34 per cent) had experienced an increase in competition between colleagues, while ninety five per cent (72 per cent and 23 percent) had experienced an emphasis on funded over unfunded research at the institutional level. Eighty-eight per cent (50 percent and 38 per cent) had experienced a greater value placed on full-fee-paying courses, while ninety one per cent (64 per cent and 27 per cent) had experienced a greater value placed on courses that attract high student enrolments. Also depicted in the table are benefits arising from commercialisation: 67 per cent of respondents felt that commercialisation had led to cross-fertilisation of ideas, and 48 per cent felt that the quality of their research had been enhanced. While this research is over a decade old, it provides a useful depiction of consequences that were seen as positive and negative.

Table 1 - Reactions to Commercialisation

Aspects of Commercialisation	% Reaction		
	Not at all	To a minor extent	To a major extent
Being prevented from publishing contentious results	83	12	5
Discomfort with publishing contentious research results	59	28	13
Reluctance to criticise institutions that provide large research grants	51	33	16
Inhibitions about sharing ideas with colleagues	62	29	9
An increasing atmosphere of competition among colleagues	15	34	51
Changes to research focus because of possible lack of funding	23	42	35
Reduced research time due to writing grant applications	15	32	53
Emphasis on funded research over unfunded research	5	23	72
Valuing of courses that attract full-fee-paying students over other courses	12	38	50
Valuing of courses that attract high student enrolment over other courses	9	27	64
Cross-fertilisation of ideas through interaction with industry	33	45	22
Enhancement of the quality of research through interaction with external funding bodies	52	34	14

(Kayrooz *et al.*, 2001, p. 34)

These authors also report on change related to increasing commercialisation according to institutional type (Table 2). As depicted, the Australian Group of 8 universities and the former Colleges of Advanced Education reported that commercialisation affected them to a major extent, while the new universities reported change to a minor extent. This, according to Marginson and Considine (2000), is not surprising, as the Unitech component of the new universities had already established commercialisation as a part of their culture.

Consequences directly affecting business schools, and accounting courses in particular, have been identified by Parker and Guthrie (2005, 2010), Burritt *et al.* (2010), Lightbody (2010a; 2010b), Parker (2010) and Ryan (2010). Parker and Guthrie (2010) considered the role of business schools in the light of globalisation and commercialisation, arguing that such schools flourished as a consequence of commercialisation, but are regarded in their institution merely as “cash cows” that add little in the way of academic excellence. Exploring aspects of accounting

research and teaching in commercialised universities, Parker and Guthrie (2005) found universities to be revenue-seeking, imposing higher workloads on academics and conducting and publishing research that fits management-imposed key performance indicators. The consequence is research with a short term, status-seeking and fund-raising emphasis supported by overworked or casual staff. Burritt *et al.* (2010) are of the opinion that commercialisation has provided more challenges than benefits to contemporary accounting education, particularly with respect to resources, quality of programs and the integration of communication into accounting programs.

Table 2-Change Related to Increasing Commercialisation by University Group

	Per cent Change		
	Group of 8	"New" universities	Former CAEs
Not at all	4	7	3
To a minor extent	29	40	31
To a major extent	55	33	52
No response	13	20	14
Total	100	100	100

(Kayrooz *et al.*, 2001, p. 29)

Lightbody (2010a; 2010b) focuses on the role of accreditation on accounting education. She argues (2010a, p.29):

The nature and extent of the impact of any form of accreditation depends primarily on the value of accreditation for a particular institution at a particular point in time [T]he value of accreditation is largely dependent on the accrediting body to give the institution some form of market advantage.

Her argument continues (2010b) that increasing inflexibility in the work environment, driven by the perceived need for accreditation in the pursuit of commercialisation, may exacerbate academic staff shortages and have implications for teaching, student engagement and the long-term ability of the university to attract students.

Parker (2010) contends that commercialisation has replaced the social public good with a focus on knowledge as a private, revenue-generating asset. This philosophy has provided the corporate finance model, which has led to goal displacement and greater financial resources increasingly becoming an end in itself. He suggests that the days of scientific management have returned, with institutions seeking operational efficiency through cost, technical, managerial and staffing efficiencies and embodying this efficiency in the appropriated structure of the business model. Parker (2010) demonstrates the failure of commercialisation through two examples: the deterioration of the student/staff ratio and the growth obsession. The deterioration of the student/staff ratio he describes as "educational massification", and argues (p.18):

Increased enrolments, increased class sizes, distance delivery, the discontinuation of uneconomic programs are all undertaken in the quest for efficiencies. The game is a pursuit of increasing revenue, decreasing cost, increasing output and increasing

quality. Universities are aiming at a low-cost, high-volume, targeted niche, high quality, mass production delivery. Is this a recipe for failure?

For Parker (2010), the growth obsession is driven by the government's treatment of universities as "engines of export dollar earning and major components of their economic management strategies" (p.19). He continues (p.19):

Professional accounting bodies are increasingly pursuing growth in membership numbers and global networks and status. Universities, as corporatised, commercialised entities seek to generate growth and accompanying financial returns. While quality is articulated as a socially credible and market appealing symbol, the growth of student, graduate and profession entrant numbers are pursued as key to increasing revenue streams for all parties.

Ryan (2010) argues the opposite, maintaining that commercialisation of accounting programs is an evolutionary process for accounting education. Accounting programs that grew from the amalgamation of Technical and Further Education Colleges and Colleges of Advanced Education with universities in the 1980s was the direct result of the massification, and later deregulation and marketing, of the Australian higher-education system. She suggests that private higher-education providers, including professional accounting associations, may better fit the needs of future accounting education. Given that private providers acknowledge that they do not make broad social and intellectual contributions but focus on offering the "best" product (Ryan, 2010), commercialisation of accounting education may eventually revert to the commercialised place it had in the early 20th century, based on technical understanding and rote learning.

This review suggests a variety of consequences arising from the commercialisation of the Australian higher-education sector, and in particular accounting education. The focus of this paper is on aspects of commercialisation that create both intended and unintended consequence from the perspective of universities "running faster" or "running slower", and how this affects academic staff. The aspects of "running faster" or "running slower" can be observed through measures of quality such as international accreditation and international rankings, the use of "elite" accounting research journals as performance measures and the impact of student/teacher ratios.

As demonstrated by Lightbody (2010b), the desire to "run faster" to achieve international accreditation and ranking is done to increase the universities' marketability for students. Considerable weight is now placed on academic publications (and the attendant need for large research grants), now an integral part of the permanency and promotion process. As observed by Parker and Guthrie (2005, p 7), research output is now "measured in terms of the numbers game — number of papers published in 'top-rated' journals and number and monetary value of research grants won". Similar attention is placed on student/staff ratios, used as a measure of program quality. Business students increased 112 per cent between 1996 and 2007, by which time they comprised 51 per cent of the international student cohort. In addition, student/staff ratios were 34:1 in 2007, with some business schools having ratios as high as 60:1 (Parker, 2010). The morale of the average staff member must surely wane in these circumstances.

Theory development

The quotation from Lewis Carroll's *Through the Looking Glass* that appears at the beginning of this paper has been used in the management and marketing literature to describe or explain performance differences among competing firms. The general thrust is that an organisation's competitive action to increase its performance also increases rivals' actions and reaction speed, which in turn intensifies competition, causing the cycle to perpetuate (Barnett & Hansen, 1996, pp. 139–157). Each organisation is forced by the others in the same industry to participate in continuous actions and developments, which result in all organisations in that group running as fast as they can just to stand still relative to their competitors (Nelson and Winter, 1982; Derfus *et al.*, 2008). The Red Queen hypothesis has been used by many theorists to explain behaviour in a variety of settings, from biology (Dawkins & Krebs, 1979) to military arms races (Baumol, 2004) to business organisations (Barnett, 2008; Defrus *et.al*, 2008).

This scenario was tested by Defus *et al.*, (2008) who found that firms that are more active (running faster) than their rivals improve their competitive positions (Ferrier *et al.*, 1999) and increase their performance (Young *et al.*, 1996), while firms that are more sluggish than their rivals experience negative performance consequences (Miller & Chen, 1994). This suggests some benefits for first movers and losses for subsequent movers. This supports the findings of Barnett and Sorenson (2002), who argue that competition triggers organisational learning, which in turn intensifies competition, which again triggers an adaptive response.

Others suggest that the components of the Red Queen hypothesis are based on more-observable phenomena. Derfus *et al.* (2008, p. 62) maintains that “firms are prompted to search, undertake new actions, and learn in an effort to improve performance”, while Barnett and McKendrick (2004) believe that when performance falls below aspirations, managers will search, act and learn until performance reaches expectations — in other words, organisations will mimic other organisations with superior performance. Barnett and McKendrick (2004) extend this notion by arguing that gains made by one organisation must come at the expense of another, thus intensifying competition while Barnett and Hansen (1996) claim that a decline in performance promotes organisations to engage in similar search, action and learning processes.

In a university context, the Red Queen can be seen as a contest in which each business or accounting school's performance with respect to research output, funds generated and student numbers depends on the school matching or exceeding the actions of its rivals. This is reflected in the drive for efficiency, effectiveness and a neo-market system, while maintaining or increasing quality of service. Therefore, incorporating these elements along with the mimetic behaviour makes the Red Queen hypothesis a suitable environment to examine using an institutional theory lens (Brignall & Modell, 2000). Other theorists have also investigated aspects of institutional theory that influence and support Red Queen behaviour and impact on change in institutional structure. These include changes in the accounting environment (Burns & Scapens, 2000; Ribeiro & Scapens, 2006), management-focused organisations in general (Burns & Baldvinsdottir, 2005), marketing and management (Peng *et al.*, 2008), the concept of organisational institutionalism (Deephouse & Suchmam, 2008) and power relationships in institutions and organisations (Lawrence, 2008).

From a marketing perspective, universities pursuing increased commercialisation do so through the perception of improved quality reflected by international accreditation and international rankings. This pursuit for international accreditation and rankings exhibits isomorphic behaviour, the characteristics of which are described by Meyer and Rowan (1977, pp. 348–349):

- (a) they incorporate elements which are legitimated externally, rather than in terms of efficiency; (b) they employ external or ceremonial assessment criteria to define the value of structural elements; and (c) dependence on externally fixed institutions reduces turbulence and maintains stability.

Similarly, the literature on the Red Queen hypothesis identifies two major ingredients of institutional theory and competitive and organisational isomorphism (Hannan & Freeman, 1977; Oliver, 1991). According to the seminal works of institutional theorists DiMaggio and Powell (1983), competitive isomorphism occurs where the organisation learns appropriate responses and adjusts its behaviour accordingly in the direction of increased competition. In contrast, organisational isomorphism (Meyer & Rowan, 1977) represents a change agent, and is described in terms of three mechanisms: coercive, mimetic and normative isomorphism.

The other integral component of institutional theory relevant to the Red Queen hypothesis is organisational legitimacy, a condition that reflects cultural alignment, normative support or consonance with relevant rules or laws. Scott (1995) argues that the public is predisposed to accept structures that present a higher level of accountability as legitimate — those seen as congruent with societal values and actions. Such characteristics increase the probability of the organisations' survival where the emphasis is on the conformity to rules, status and reputation (Baum & Oliver, 1992; Podolny, 1993; Fombrum, 1996; Phillips & Zuckerman, 2001); this view is consistent with the seminal work of Meyer and Rowan (1977), who argue that institutional isomorphism promotes the success and survival of organisations.

This is obtained by adopting formal structures and procedures or complying with particular regulations and requirements to gain resources and increase quality research output, upon which the survival of the organisation depends — or at least create a perception of stability and continuity (Edelman, 1992; Burns & Baldvinsdottir, 2005). This view supports the work of Burns and Scapens (2000), who argue that the value of an institutional framework is in its ability to investigate the importance of organisational routines, inherent stability and continuity of organisational life. Thus, we suggest, international accreditation and rankings are mechanisms to achieve legitimacy, which may encourage the enrollment of local and international students, increase research grants and attract more top-flight academics.

Our literature review of the Red Queen hypothesis and the commercialisation of universities, synthesised in a framework of complementary theories, identified several new framework characteristics that have had a significant influence on accounting schools and accounting education. These include the transformation of institutions from knowledge-based to revenue-seeking; increased pressure to accept higher workloads and to conduct and publish research that fits management-imposed performance indicators; increased student load and greater student/staff ratios; the measurement of research output in terms of papers published in

top-ranked journals together with the monetary value of research grants won; the "dumbing down" of programs to maintain cash flow; and the use of these measures to determine an academic's suitability for permanency or promotion (Parker, 2010; Dollery *et al.*, 2006; Parker & Guthrie, 2005). This is where the battle with the Red Queen is lost. The "White Knights", whom Le Grand (2003, p. 27) regarded as "individuals who are motivated to help others for no private reward, and indeed may undertake such activities to the detriment of their own private interests", were overwhelmed by "public policy which has transformed universities into quasi-commercial enterprises operating in an environment that has undergone significant metamorphosis" (Dollery *et al.*, 2006, p.87).

The above review supports the argument that the Red Queen hypothesis and the theories based on it provide an appropriate lens for the examination of change brought about through institutional commercialisation, and its consequences in universities and their business and accounting programs. This discussion provides the background for the Hypothesis:

Hypothesis:

Universities that "run faster" — that is, achieve international accreditation and high international rankings — are considered better than universities that "run slower" — that is, do not achieve international accreditation and high international rankings.

Findings

The findings presented apply specifically to international accreditation and rankings. The accreditation tables were compiled from publicly available information from the Australian Research Council (ARC), and are accounting-specific. The tables of ranking data show ARC data modified by information from the 2011 international ranking bodies. Tables 3, 4 and 5 provide some evidence of the success of the Red Queen strategy. The tables were constructed using the Excellence in Research for Australia (ERA) initiative, which focused on field ratings for accounting, auditing and accountability (ARC, 2011). The universities are grouped as: Group 1) the Group of Eight, essentially the prestigious "sandstone" institutions established before 1949; Group 2) "new" universities established during the 1960s and 1970s as a response to population growth together with Unitech universities (the larger institutes of technology); and Group 3) universities that emerged from former Colleges of Advanced Education by either forced or voluntary amalgamations following the Federal Government reforms of the 1980s.

Table 3 shows ranking levels of universities by group classification and ARC ranking, with the unsurprising result that six of the Group of Eight universities are at Levels 4 and 5 of the ARC rankings. Table 4 divides universities by accredited and non-accredited over the ARC ranking, and shows all the internationally accredited universities ranked by the ARC. The surprise here is that 11 of the unaccredited universities also achieved a ranking level, with two achieving Level 3. Table 5 reports accredited status by grouping, and shows that all the Group of Eight universities are accredited, the "new" universities split almost equally between accredited and non-accredited and approximately 90 per cent (16/18) of the Group 3 universities

unaccredited. This suggests that universities with international accreditation ran faster, and were ranked at ARC Levels 5 and 4. Universities that fared worst ran slower, and were ranked at level 1 or were not assessed. Tables 6a, 6b and 6c overlay the 2011 international rankings on the ARC levels of universities by group. The data in Table 6a indicates that all the Group of Eight universities rank within the top 100 in the world, while Table 6b suggests the "new" universities rank around the middle. The former CAEs (Table 6c) were not ranked.

Table 3 - Rating Levels by University Group

Rating	Number of Universities		
	Group 1	Group 2	Group 3
	Group of Eight	"New" universities	Former CAEs
Level 5	3	0	0
Level 4	3	1	0
Level 3	1	3	1
Level 2	0	6	1
Level 1	1	1	7
Not assessed	0	2	9
Total universities	8	13	18

(ARC, 2011)

Table 4 - Rating Level by International Accredited Status

Rating	Number of Universities	
	Internationally Accredited	Not Accredited
Level 5	3	0
Level 4	4	0
Level 3	3	2
Level 2	4	3
Level 1	3	6
Not assessed	0	11
Total universities	17	22

(ARC, 2011)

Table 5 - Accredited Status by University Group

Rating	Number of Universities		
	Group 1	Group 2	Group 3
	Group of Eight	"New" universities	Former CAEs
Internationally accredited	8	7	2
Not accredited	6	6	16
Total universities	8	13	18

(ARC, 2011)

Table 6a - Rating Levels by University Group

Rating	Group 1						
	Group of Eight	THEWUR World Nat		QSWUR World Nat		ARWU World Nat	
Level 5	3	37-58	1-3	26-38	1-3	60-96	1-4
Level 4	3	74-173	4-6	48-60	4-6	86-200	3-7
Level 3	1	189	7	73	7	102-150	5
Level 2	0						
Level 1	1	201-225	8	103	8	201-300	8-9
Not assessed	0						
Total universities	8						

Table 6b - Rating Levels by University Group

Rating	Group 2						
	"New" universities	THEWUR World Nat		QSWUR World Nat		ARWU World Nat	
Level 5	0						
Level 4	1	226-250	9	221	9	201-300	8-9
Level 3	3	251-300	10-12	228-258	10-12	301-400	10-13
Level 2	6	301-400	13-18	267-317	13-18	301-500	13-18
Level 1	1	351-400	19	343	19	401-500	19
Not assessed	2	351-400	20-21	346	20	Not ranked	
Total universities	13						

Table 6c - Rating Levels by University Group

Rating	Group 2						
	Former CAEs	THEWUR World Nat		QSWUR World Nat		ARWU World Nat	
Level 5	0	Not ranked		Not ranked		Not ranked	
Level 4	0	..		..		..
Level 3	1	..		..		..
Level 2	1	..		..		..
Level 1	7	..		..		..
Not assessed	9	..		..		..
Total universities	18						

(Adapted from:
 Australian Research Council, 2011
 Times Higher Education World University Rankings, 2011
 QS World University Rankings, 2011
 ARWU SHJT Shanghai Jiao University China Academic Ranking of World Universities, 2011)

Overall the findings support the Hypothesis that universities that “run faster” (achieve international accreditation and high international rankings) are considered better than universities that “run slower” (do not achieve international accreditation and high international rankings).

Implications and discussion

This paper articulates changes resulting from the commercialisation of higher education in Australia, particularly in accounting schools that could affect the academic accounting community. The idea of a crisis within the Australian academic profession is not new. Marginson (2000, p.23) predicted it in 2000, when he claimed that it was “uncertain what the future of academic work and academic professionalism will be”. He based this projection on four overlapping dimensions: 1) globalisation and the problem of strategic response, 2) the decline of governmental commitment to, and funding of, higher education, 3) the crisis of values and university identity in an era of corporate reform and 4) tendencies to deconstruct the academic professionalism itself. It is these dimensions that form the basis for some of the unintended consequences on maladaptive changers that this paper will discuss.

The purpose of “running faster” is to demonstrate to potential students and the competition that your university is a better, and therefore a more attractive, institution. Over the past few years, some of the driving forces in Australia have included the desire to be within the top percentage of internationally ranked universities, for staff to publish in top-ranked journals, to demonstrate international excellence in research and to obtain appropriate international accreditation. These achievements are considered a “mark of excellence” for business and accounting programs, and provide an assurance of the superior management of resources, the advancement of business and management knowledge and the provision of high-calibre teaching of quality and current curricula.

By itself, “running faster”, or the achievement of betterment goals, might not have created organisational change at the faculty or school level within Australian universities, or within the academic accounting community if government policy or other individual forces had provided a clear definition of “quality” for accounting academics. Marginson (2000, p 30), points out that, in Australia, “government has actively fostered new systems and new indicators of performance in which an economic bottom line, narrowly defined, has become decisive”. However, it is the combination of these forces, together with self-interest driven by isomorphic behaviour and the attainment of perceived legitimacy that has resulted in a series of both adaptive and maladaptive changers.

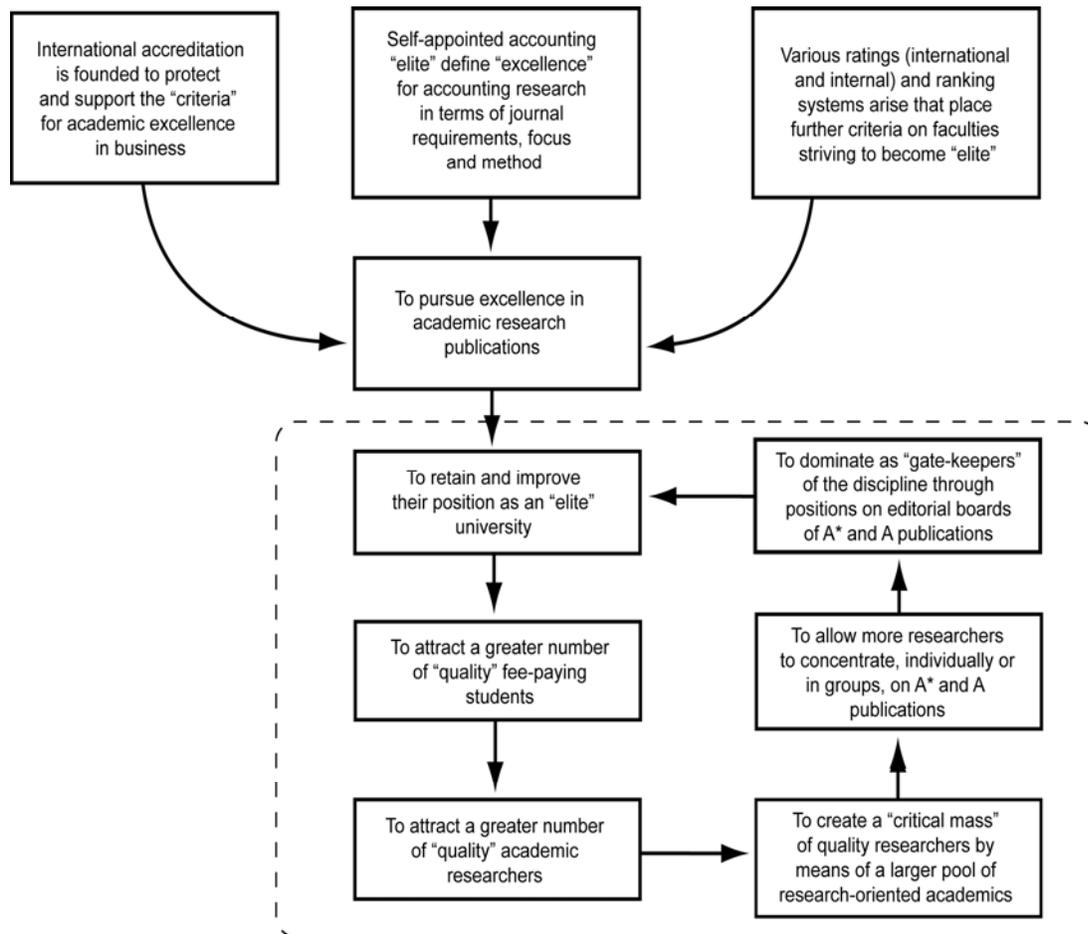
Adaptive changes — the “Loop of Success”

The “Loop of Success” is a diagrammatical representation of the criteria purported to drive commercialisation through international accreditation, international rankings and publications in top-ranked journals (Parker & Guthrie, 2005; Parker, 2010). The findings from the ARC support the argument that these elements (in particular higher-ranked publications) result in universities achieving higher levels. Together, these criteria result in the pursuit of excellence in research publications. The effect of this permeates through the organisation, building greater research output (Figure 1). A number of functions influence the attainment of this goal. If an “elite” institution is to continually maintain/improve its position as such, it must

be able to attract quality, full-fee-paying students (who are perhaps willing to pay a premium) who provide funding to attract quality researchers. The additional revenue allows the institution to reduce the face-to-face teaching loads of the research academics and provide an environment for the creation of a “critical mass” of quality academic researchers. This ensures greater research time, either individually or as a member of a research team, to concentrate on A* and A publications. The enhanced reputation of these “elite” quality researchers attracts them to editorial positions on A* and A journals, thus reinforcing the level of quality output. This is the “Loop of Success”, which we argue is a reflection of the adaptive change that should flow from commercialisation. From an institutional-theory perspective, such actions, while driven by competitive isomorphism (DiMaggio & Powell, 1983), should increase the university’s organisational legitimacy and long-term survival (Deephouse & Suchman, 2008).

Figure 1

**Adaptive Change as a Result of Commercialisation
The “Loop of Success”**



(Adapted from McNair and Richards, 2008)

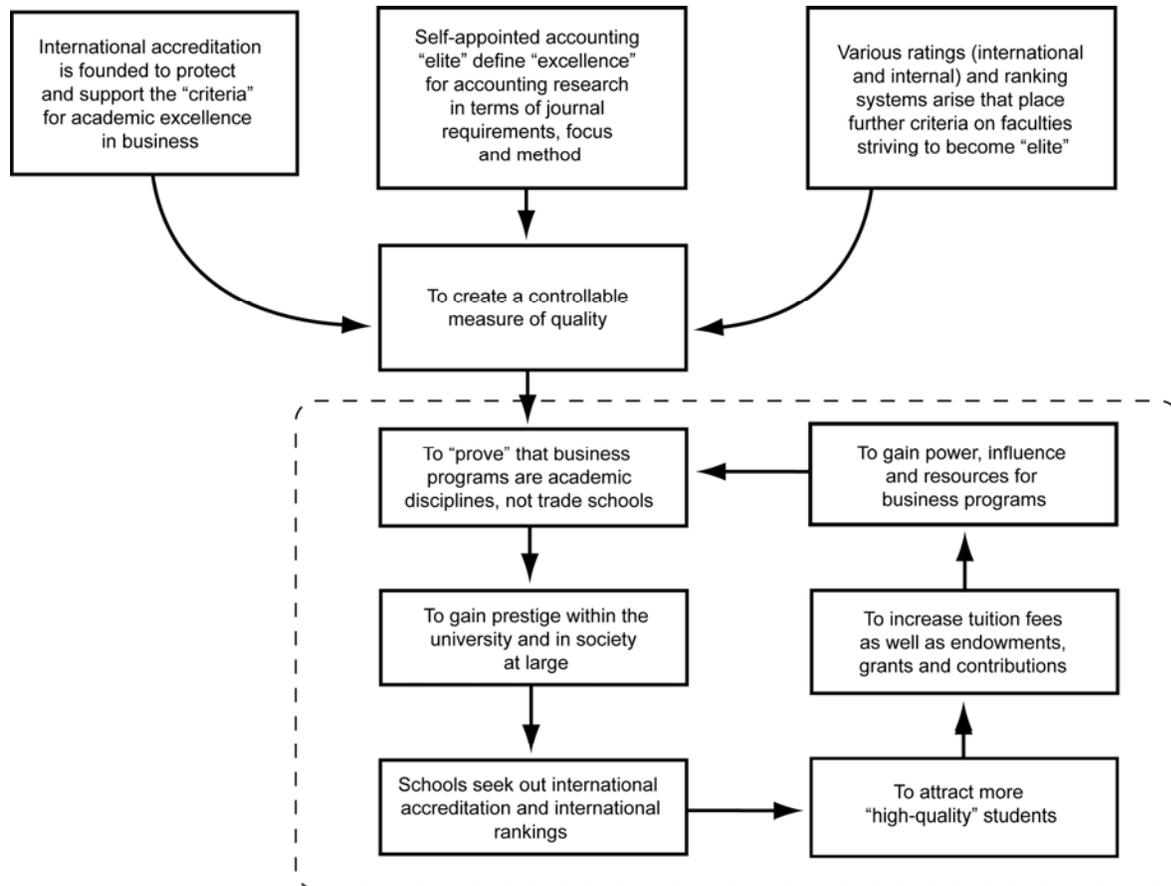
Maladaptive changes – the “Loop of Doom”

Like the “Loop of Success”, the “Loop of Doom” is a diagrammatical representation of the criteria purported to drive commercialisation (Figure 2). Unlike the “Loop of Success” international accreditation, international rankings and publications in top-ranked journals are used to create a controllable measure of quality. Parker sees these criteria as "commercial weapons" used simultaneously for product differentiation in the market place and for standardising knowledge production in a business school (Parker, 2010).

As Figure 2 suggests, these criteria are then used to define excellence in terms of what research is worthy according to those journals’ requirements, focus and methods, or the key performance measures determined by university management. This will, according to Parker and Guthrie (2005, p.7), “determine academics’ personal destiny in a corporatised university world”. These processes form both internationally constructed and internally generated forces that guide facilities and schools striving to become elite.

Figure 2

**Maladaptive Changes as a Result of Commercialisation
Phase 1 of the “Loop of Doom”**



(Adapted from McNair and Richards, 2008)

Maladaptive changes (staff) – the “Loop of Doom” (phase two)

While holding faculties and their schools to a set of succinctly defined standards as a way of providing differentiation may seem healthy, the maladaptive consequences of running faster suggest otherwise.

For example, the pursuit and maintenance of international rankings and international accreditation is expensive. The cost of maintaining a faculty that meets the elite’s definition of research quality is also costly — research faculties that can produce this type of publication do not come cheaply. Schools simultaneously face hefty salaries for the research elite now that salary caps have been dispensed with, and are expected to minimise or streamline the teaching duties of these individuals (Parker & Guthrie, 2005).

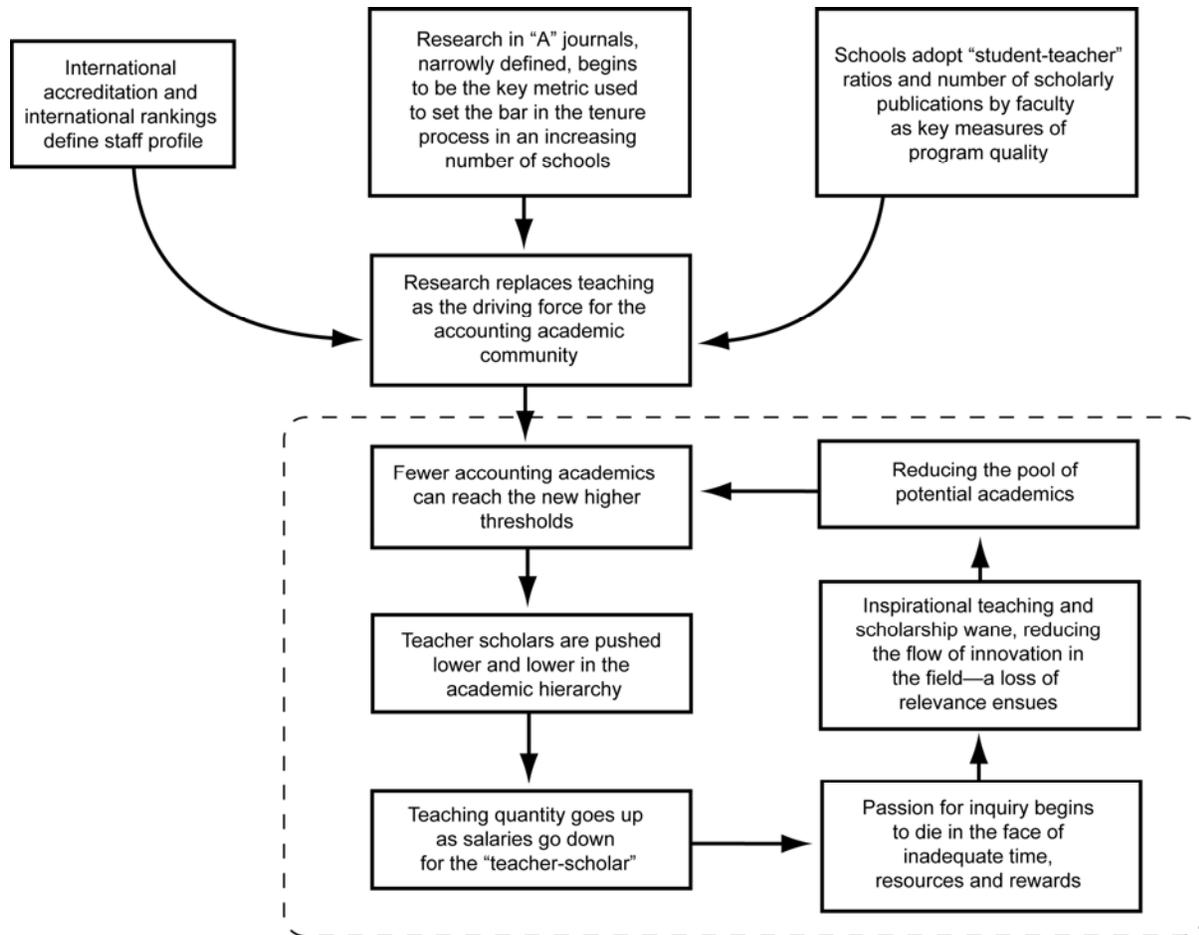
Pursuing a reputation for excellence in the academic community is expensive regardless of a faculty's methods to achieve this goal. If only one or two institutions pursued international rankings or international accreditation, this would create a small group of expensive but elite business schools that might supply sufficient benefit to society to sustain them (Ryan, 2010). However, when every business or accounting school enters the ratings game, costs escalate systemically while quality becomes diluted (Jopson & Burke, 2005a; 2005b; Parker & Guthrie, 2005). Faculties need to expand their continuing development to maintain their relative place with faculties in competitive universities. In the end, as suggested by Parker and Guthrie (2010, p.6), “business schools have lived by the market, they may also wither by it. Uncontained growth is as dangerous as market risk”.

When we incorporate the number and ranking of scholarly publications as key performance measures for staff and program quality we find research replacing teaching as the driving force for the accounting academic community. This is depicted in the second phase of the “Loop of Doom”. Measurements are an essential element of any system of control — no less the case when the control being sought is over the quality of a discipline. While any number of measures could be explored, Figure 3 focuses on two specific forces: 1) the creation of a limited list of A* and A level journals (Lowe & Locke, 2005) and 2) the qualifications required of staff by international accrediting bodies to teach accounting programs, which are exacerbating staff shortages (Lightbody, 2010b).

Journal rankings are a prized outcome of the development of academic disciplines from the perspective of the ratings-driven university. In their constant seeking of objective means to define permanency and promotion requirements and to evaluate faculty, universities have accepted as a given that the A* and A journal designations reflect a superior level of quality than B or C journals. Thus, to prove that their faculty is excellent, these same universities have substituted previous definitions of scholarly effort, such as externally awarded teaching awards and peer review, with a simplistically defined measurement: the A* and A list (AFAANZ, 2011). Unsurprisingly, the number of faculties that have adopted a requirement that staff successfully publish at least one article in an A* or A level journal to qualify for permanency or promotion has increased. A survey carried out by the Accounting & Finance Association of Australia and New Zealand in 2011 found that 85 per cent of university accounting programs, and 93 per cent of accounting and finance programs used rankings for workload allocation, promotion and probation purposes (Figure 7).

Figure 3

**Maladaptive Changes as a Result of Commercialisation
Phase 2 of the “Loop of Doom” — Staff**



(Adapted from McNair and Richards, 2008)

Table 7 - Use of Journal Rankings

	Determined externally		Determined internally		Total
	Count	%	Count	%	
Purpose					
Work-load allocation	25	92.6	2	7.4	27
Promotion	23	85.2	4	14.3	27
Probation	24	88.9	3	11.1	27

(Source: AFAANZ, 2011, Newsletter, March)

Moreover, the prestigious international accreditation bodies require a significant number of accounting academics to be qualified at PhD level (Lightbody, 2010b). Historically there has been a perceived shortage of accounting staff in the technical areas of tax and audit (Tarrant, 2006) and more recently a decrease in the number of accounting graduates wishing to pursue an academic career (Healy, 2008) due to escalating private-sector salaries compared to universities. Factoring in the growth following commercialisation, most university accounting programs have burgeoning class sizes with staff/student ratios of 34:1, with some as high as 60:1 (Parker, 2010). These ratios are often maintained by part-time instructors, who carry between 67.8 per cent (Jensen & Morgan, 2009) and 80 per cent (Matchett, 2008) of the student load. While this has an impact on quality, the unexpected maladaptive change arises from universities' strategies to increase research and publications. According to Lightbody (2010b), new workload formulas were introduced that reduced teaching loads for those staff considered research-active. Such actions are consistent with the principles of competitive isomorphism (DiMaggio & Powell, 1983), which aims to secure the university's success and survival through perceived legitimacy and institutional isomorphism (Meyer & Rowan, 1977).

Conclusions

We commenced our exploration of the commercialisation of universities using the Red Queen hypothesis: a synthesis of organisational learning, benchmarking, mimetic isomorphism and institutional theories. Our results support the value of such theoretical integration. The findings support our hypothesis that organisations change as a response to competition, which in turn intensifies competition as a self-reinforcing process. By using an evolutionary perspective, the Red Queen hypothesis can address similar questions around strategic analysis.

In our study we touched on many issues that could explain the how “running at least twice as fast” keeps an organisation in the same place. Our results show that the historic and fundamental objectives of prestige publications, international ranking and international accreditation have been usurped by the commercial imperative of marketing. Further, many universities that have achieved these goals have done so to differentiate themselves from their competitors, thus establishing barriers to entry. For example, as one senior academic from a major Australian metropolitan university with high international rankings and international accreditation said to one of the authors:

We are without doubt one of the best business schools in Australia, and have been seen as such long before we sought a high international ranking and international accreditation. The reason for obtaining accreditation was simple. We could afford it, and it keeps the other players out. This is the new binary system (Personal communication, April 11, 2010).

While some universities that have obtained international rankings and international accreditation maintain that the purpose was quality and continuous improvement, only the elite institutions that could afford the lengthy and time-consuming accreditation process applied—the very institutions that least needed the ostensible “mark of excellence”. This is demonstrated by the ARC rankings, which show that the Group of Eight, the former “sandstone” institutions, are still at the top level. The Red Queen hypothesis suggests that universities that are more active than their rivals (run faster) improve their competitive positions and increase their status; while

universities that are more sluggish than their rivals (run slower) experience negative consequences or maladaptive change. Within the Australian university system the Red Queen hypothesis supports the notion of a quasi-market with expanding zones of commercial activity that can be further exploited by obtaining international rankings and international accreditation. This aspect was made clear by the statement attributed to Kim Carr, former Federal Minister for Innovation, Industry, Science and Research, that the performance of Australian universities within world rankings is a victory for the government's strategy to reorient higher-education culture towards global competitiveness (Rowbotham, 2011).

The second part of this study explored the phenomenon of adaptive and maladaptive change that may flow as a result of potential conflict between, on the one hand, international rankings and institutional accreditation ideals and, on the other, educational and professional accounting philosophies, including evidence from a AFAANZ survey that showed universities using journal ranking systems for purposes for which they were not intended.

This study casts doubts on the proposition that prestige publications, institutional rankings and international accreditation will produce a “better” institution. It also supports Marginson's (2011) conclusion that the policies of commercial export, domestic education and revenues at any cost mask underlying tensions that impinge on the sectors', and therefore the accounting disciplines', long-term sustainability.

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