Gardner, S. and Tellefsen, B. (2002) From Fiefdoms to knowledge centres: Constituent market orientation as a platform for transforming and repositioning Australias new universities. In: 8th International Conference on Public-Private Partnerships Exploring Co-operation, subtheme: Strategic alliances and networking, 12 - 15 June 2002, University of Karlstad, Sweden.

"From Fiefdoms to knowledge centres: Constituent Market Orientation as a platform for transforming and repositioning Australia's New Universities".

Scott Gardner[1] **Edith Cowan University(ECU) Perth Western Australia,**
Brynjulf Tellefsen[2]**, Norwegian School of Management, Sandvika, Norway**

[1]Dr. Scott Gardner, School of Management, Faculty of Business and Public Management. ECU, Churchlands, Western Australia.
Email: s.gardner@ecu.edu.au

[2]Dr. Brynjulf Tellefsen, Department of Leadership and Organisational Management, Norwegian School of Management, Sandvika, Norway
Email: brynjulf.tellefsen@bi.no

To be presented at the 8th International Conference on Public-Private Partnerships Exploring Co-operation, subtheme: '*Strategic alliances and networking*'. University of Karlstad, Sweden, 12-15 June, 2002

"From Fiefdoms to knowledge centres: Constituent Market Orientation as a platform for transforming and repositioning Australia's New Universities".

0 - Abstract

The authors develop a framework to guide University leaders seeking to implement Constituent Market Orientation principles within their organisations as a basis for repositioning, reputation building and transformation from hierarchical fiefdoms to knowledge centres capable of generating cross-disciplinary, problem focused, research and learning programs. The framework is based on Tellefsen's theory of Constituent Market Orientation and Gardner's Stakeholder Relationship Management model, and is illustrated by the stakeholder relationship cases of the Norwegian School of Management and the Faculty of Business and Public Management at Edith Cowan University.

1 - Introduction

In a recent Australian parliamentary (Senate) enquiry entitled "Universities in Crisis," University leaders and senior academics presented lengthy submissions on longstanding issues affecting their institutions. These included ongoing funding and academic staffing cutbacks; the infringement of commercialisation on academic autonomy; the future role of Australia's 35 public Universities within a knowledge economy; and the increasingly marginal position of the New Universities which had emerged from the vocational education and training sector, post-1975.

The resulting report was presented as an earnest debate on "the idea of the University" and the need to preserve academic freedom and integrity in the face of increasing commercial pressures. It can equally be seen as an attempt to maintain the autocracy of a small group of elite institutions, dedicated to the production of University defined knowledge. This has been variously termed 'esoteric knowledge', '
'higher truths', or 'normal science' by various critics who question the continued relevance of this idea, within a global knowledge economy of the 21^{st} century (Emery (1994:2); Greenwood and Levin (2000); McKenna and Brueckner (2000)).

In their 1997 article "The Reconstruction of Universities," Levin and Greenwood (1997) present a vigorous critique of traditional conceptions of a University knowledge creation based on an inward looking self- referential system, geared to preserving the interests of powerful academic, political, and business elite groups. In a later article they comment on the continued pervasiveness of this system in the USA and other Western nations attempting to embrace the knowledge economy, and the increasing reluctance of public and private bodies to fund what they consider to be marginally relevant research activities. Greenwood and Levin (2000).

Recent critics, including Bruekner and McKenna (2000), Currie (2001), and Gardner (2001), have made similar observations. They note that an arcane, financially inefficient model of Universities in Australia, based on disciplinary fiefdoms, is no longer sustainable in an era when corporations, consortiums and other external entities, can legitimately establish their own globally networked knowledge and learning centres. This paper aims to explain a viable alternative for new Universities located in Australia, or other aspirant or established knowledge nations, based on local interpretation, adaptation and application of Tellefsen’s (1999, 2001), Constituent Market Orientation (CMO) model.

Objectives and Methodology

The paper aims to explore an alternative constituent or stakeholder-focused approach to the creation and marketing of 'relevant' University knowledge within an open systems or networked environment.

The study has particular application for leaders or change agents within new business or technically orientated Universities, seeking to exploit their natural positioning in a market distorted by the complexity and politics of current university funding structures. (This view assumes that the prevailing funding structures, linear strategic planning processes, organisational architecture, management and reward systems, shaping activity in many of Australia’s new Universities, are not supportive to 'enterprise' or the creation of knowledge relevant to the needs of their broader constituents).

The authors aim to demonstrate that successful University transformation can be achieved using CMO type processes including: identification, classification, and prioritisation of stakeholder relationships; mapping of associated networks; identifying and developing prospective partnerships and alliances not bound to government funding structures; direct involvement of students, employers and other salient stakeholders from business, government and the broader community in the ‘upstream’ design of teaching and research portfolios; and basing 'downstream' marketing efforts on a clear understanding of stakeholder needs and associated value chains.

It is argued that the resulting shift in focus for the leadership of Australia's New Universities would enable them to effectively combine human capabilities, tacit knowledge and existing information and communications technologies (ICT), and position their organizations as nodes or knowledge centres, within constituent networks.

A *framework will be developed by the authors to guide University leaders seeking to implement CMO principles within their organisations as a basis for repositioning, reputation building and transformation from hierarchical fiefdoms to knowledge centres capable of generating cross-disciplinary, problem focused, research and learning programs.(See section 4, figure 3).*

Combining an action research and case study approach

Following Levin and Greenwood (1997); Eden and Ackerman (1998); Roche (1999) and other advocates of stakeholder-centred action research the adopted methodology combines theory and practice in context, and involves problem owners in the problem solving process.

The problem or question to be addressed is - "How to develop University systems that create knowledge relevant to it's stakeholders’ or constituents’ needs, including- current and prospective students; University staff (academic and general); employers, regulators, media, and (local and international) partners in business, government and the institution's broader communities?"

As suggested by Greenwood and Levin (2000:28) the test of rigour in this case is the capacity to effectively interpret the complexity of the local context and produce actionable outcomes to transform, or migrate, the organisational system in the desired direction.

The model presented draws on case evidence comparing two relatively 'New' academic institutions— a highly successful private business School (chartered for postgraduate awards in 1987), and a public University in Australia (chartered as a University 1991)— which reflect advanced and emergent approaches to CMO.

The two cases presented have been developed through feedback from a range of stakeholders participating in the change process within each organisation, combined with secondary documentation in the form of University and government plans, policy frameworks, committee minutes and taskforce reports.

2 - CMO in New Universities

As a first step towards understanding how and why CMO has been applied within two institutions operating in significantly different contexts, and generating a broader framework to guide future policy and practice in Australia's New universities, the basic concepts or principles of Tellefsen's (1999) Constituent Market Orientation and Gardner's (2001) Stakeholder Relationship Management (SRM) models are outlined below. The principles form the foundation for the hybrid framework presented in figure 3, section four which combines CMO concepts, action research findings, and case insights, and can be interpreted and adapted to suit specific University circumstances.

Tellefsen's model

Constituent Market orientation is defined by Tellefsen as: *'An organisational learning circle where members of the organisation identify the current and future needs of its constituents and the factors that affect the satisfaction of their needs, spreads this external information internally in the organisation, and co-operate in order to prepare and implement innovations based on the external information with the aim to improve the need satisfaction offered members of the constituencies. This learning loop will over time promote an organisational culture superior in the ability to produce values for a defined set of constituencies'.* Tellefsen (2001, 2002).

Other defining characteristics of CMO include-

* The market orientation of many companies/organisations is primarily downstream but in many instances can be extended to focus on a series of upstream and downstream constituents or stakeholders such as suppliers, staff, regulators, government agencies, the media and customers. This adds value to the stakeholder relationship, product or service.

* The complex interconnected markets or networks in which most organisations now operate dictate that a constituent orientation is required to fully realise the value inherent in these

markets and associated stakeholder relationships. The value of the product, service or outcome is defined and created through defined interactions between the organisation and upstream and downstream constituents.

* Orientation is important as consciousness is limited and the agents of the organisation (typically leaders or managers) become preoccupied because of previous learning, beliefs and values, leaving other parts of reality to become incomprehensible, invisible or unattended. CMO provides a means to map, define, and prioritise these alternative realities and relationships.

* CMO organisations succeed by focusing on market behaviour optimisation through managed interaction with their constituents and the development of systems and architecture which allow them to respond quickly and correctly to signals from across their network.

* Specific business units or work groups demonstrate a range of orientations that may differ from that of the organisation and other groups. This is partly based on unique access to signals and experiences. Leaders need to support integration through programs designed to generate double loop learning across work groups and business units.

The strong actor/network focus of Tellefsen's model makes it highly applicable in information and communications technology (ICT) enabled environments. Tellefsen and Love (2001) emphasise this, when extending the notion of CMO into the virtual organisational domain. They argue that for organisations to learn and succeed in a virtual networked environment there must be to integration of the tacit knowledge that lies in the heads of the actors within the human network and the explicit knowledge sent and received through the internet, intranets and other electronic media. It is this integration and the managed application of this knowledge that determines market success.

Comparing the Gardner and Tellefsen models

Gardner’s (2001) Stakeholder Relationship Management (SRM) model has many similar features to Tellefsen’s model making integration and application in local contexts fairly straightforward.

Both models are essentially relationship orientated with an emphasis on managing and optimising stakeholder communications and interactions. Although each model emphasises marketing and communication respectively, they are both concerned with using a stakeholder management framework to facilitate strategic change within organisations.

Although neither model was originated with Universities specifically in mind (one focusing on the marketing of the firm, and the other the strategic management, positioning, and reputation of commercialised government agencies), both are built on principles which have been successfully applied within a New University environment. This is illustrated in the case studies in section 3.

SRM applications within New Universities are as follows-

Leaders of commercialised or corporatised government agencies (including University executive teams) have to develop new systems and structures to: Clarify their markets or constituencies, the positioning of their organisation within this arena and the core values, and messages which will help them prioritise and shape relationships with key stakeholders. SRM provides a framework to reduce the clutter, wasted effort and dissipation of management energies associated with attempts to respond to a multiplicity of strategic planning performance measures, and associated programs, projects, and agendas.

Effective stakeholder and issues management programs are now an integral part of effective strategic management in complex network environments. They provide a means to inform effective executive decision making and action, by establishing short and medium term strategic priorities with respect to key stakeholders or issues, and integrating communication activities across functional boundaries within organisation. Gardner (2001: 262-263).

SRM is an essential tool for building and protecting the reputation of the organisation by establishing dialogue with key stakeholder groups and developing relationships which will positively shape their images or impressions of the organisation.

In the case of Universities key stakeholder would include: Faculty; current and prospective students; alumni; general staff; employers in business and government and community based organisations; the media; and other opinion shapers within the broader University constituency.

Image building processes and creation of market relevant knowledge can be combined through stakeholder dialogue. SRM workshops can be used to identify and integrate the stakeholder networks and tacit knowledge that reside in different parts of the organisation, communicate basic strategic communication framework to each group, and promote the development of multidisciplinary product and service portfolios shaped by key stakeholders or constituents.

The application of the principles outlined in Tellefsen's and Gardner's models in a New University context is briefly described below in the following case studies of the Norwegian School of Management and the Faculty of Business and Public Management within Edith Cowan University in Perth, Western Australia.

Case 1-The Norwegian School of Management (NSM)

The NSM was founded in 1943 by Finn Øyen, who thought Norwegian businessmen could not calculate gains and losses properly. The school was started in a government environment very hostile to private education in general and business education in particular. It was therefore natural for the founder to forge a close alliance with local businesses. The school soon established a good reputation for providing down-to earth, applied business economics knowledge, (a reputation it has retained in the Norwegian business community).

Over the next few years the founder successfully established a strong mutual learning circle between the employees of the school and the business community. Teachers were hired on a part-time basis from the most progressive businesses. Business community representatives sat on the advisory board and students undertook projects for businesses. A series of learning loops were developed between the parties.

Developing a constituency model

As the NSM developed over the following 40 years the links with it's *'prime constituency—the ' buyer' of the knowledge produced and disseminated at NSM,* were formalised. NSM as a non-profit organisation entered into strategic alliances with over 30 major Norwegian corporations (NSM Partners) and 70 medium-sized firms (NSM Associates) with the aim of mutual learning support. The NSM would offer support to the firms with competency enhancement educational programs for employees, research to support general improvement, and dedicated confidential studies.(The latter continuing to provide a valuable opportunity for NSM to offer independent advice and rigorous applied research to companies in an era of product driven consulting practices).

Constituent businesses continued to supply NSM with part-time teachers, case material, student project opportunities, funding for professorates, research projects and allied activities and business community had majority representation on the NSM Board of Directors. (Considered by the authors as a key antecedent to the NSM current ranking amongst the top 100 business schools in the World based primarily on research strength).

The *student* was deemed to be the second most important constituent. Since the government at the outset was hostile to private business education, income had to come from the student or the student's future employer. The student had to find the education at the NSM sufficiently valuable to convince him/her that high study fees was a better investment than attending gratis government owned schools. The prime concern was to educate for a good career. That was ensured through the extensive learning circle established with the business community. The second concern was to provide a good learning environment. A series of formal and informal learning loops between prospective students, students, the graduates and the NSM were established. Students were (and continue to be), well represented in all NSM decision-making forums, including the Board of Directors.

The *third constituency* of importance was the *research and learning community*. Reputation and standing among peers decides the ability to attract good employees and partake in the production of new knowledge. To establish legitimacy for issuing degrees denied by the Norwegian government the NSM entered into arrangements with Norwegian, US and European universities of good standing. The education was offered at the NSM. The partner schools issued the Masters and Doctoral degrees. The school entered several co-operative schemes for research, faculty and student exchange. By the middle of the 1980s the NSM was able to build a viable academic full-time permanent staff, and start producing original academic research. Today the NSM has the right to issue all degrees, including doctorates, but has retained co-operative arrangements with approximately 100 business schools around the world.

By the early 1980s the Norwegian government realised that they had ignored the educational needs of the business community to the point that higher business education was dominated by private schools that did not have the legal right to exist. Norwegian law gave government owned schools a higher education monopoly. Through joint lobbying with the other private schools the NSM and its business partners managed to sway the government to pass a higher private education law in 1987. As a consequence government subsidies of NSM education and research were secured, although at a very low rate. Today Government subsidies account for approximately 15% of total income, 10% education related and 5% research related.

Throughout the 1990s the trust in the growing relationship between the government and the NSM has been based on demonstrated superior academic performance, as judged by government inquiries, international evaluation, and positive word-of-mouth from the roughly 100,000 NSM alumni.

The NSM constituent orientation combined with the dedicated efforts of it's leadership and staff, has produced a business education portfolio that is the highest valued in the Norwegian business education market, delivered at roughly half the cost per student than government owned competitors. The NSM employees have the second highest rate of research publication per employee amongst Norwegian universities, with a heavy emphasis on solving business problems.

The NSM external focus as compared to the internal focus of many Universities and their leadership is reflected in the following mission statement:

> *"The Norwegian School of Management - BI shall develop and promote competence contributing to value creation and entrepreneurship in the private and public sector'".*

The NSM vision identifies a desired strategic outcome from the pursuit of the mission:

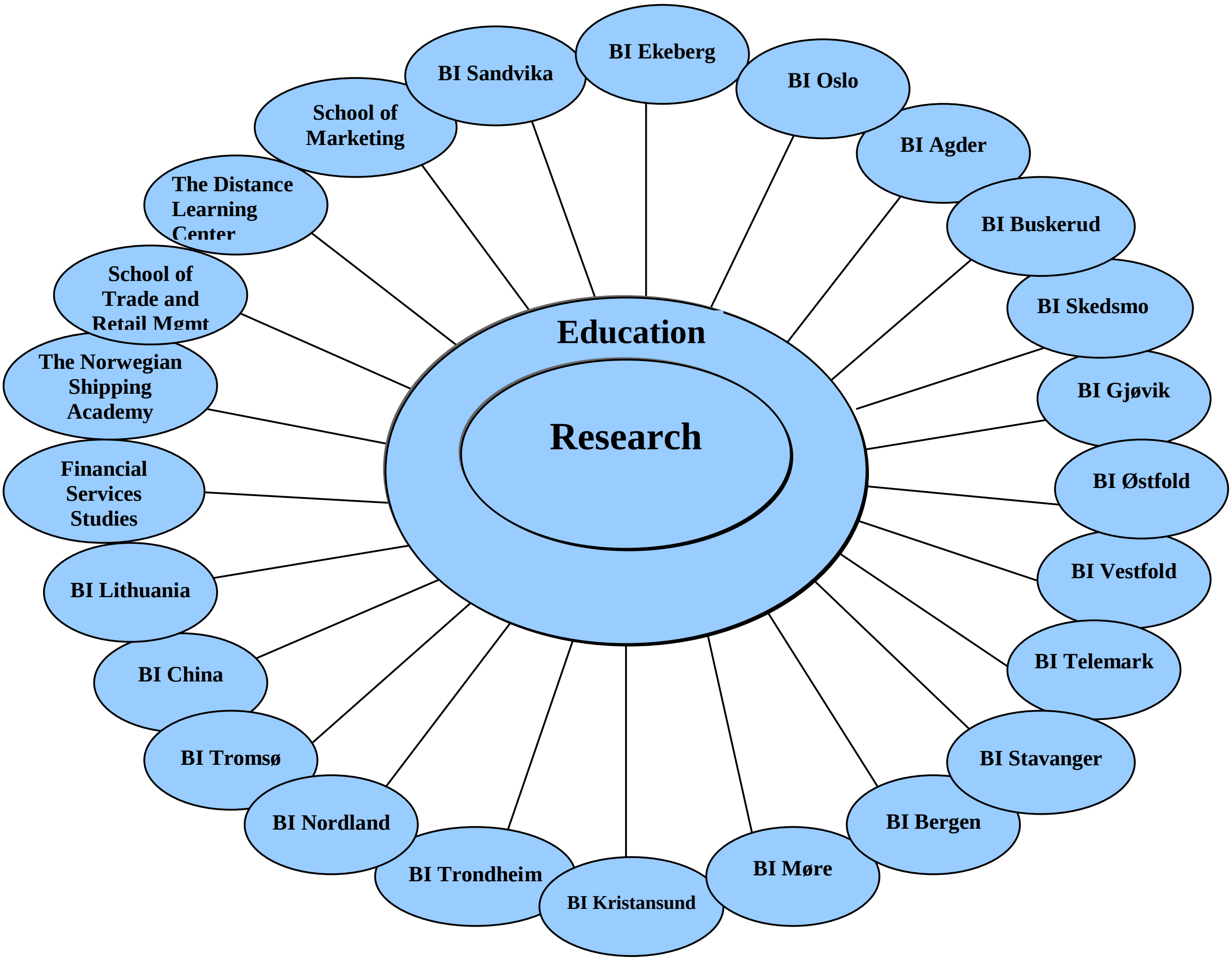
> *"The vision of the Norwegian School of Management - BI is to be the leading research-based business school in Europe with lifelong learning as its fundamental idea".*

Whilst these statements reflect lofty ambitions the NSM has recently achieved the number 13 ranking amongst European business schools and no. 8 in terms of research. (Tellefsen). 2001.

NSM Learning support structures

The NSM organisation chart below reflects the network structure of the organisation and the core role of the research faculty in designing, delivering and evaluating a high quality business education. The structure supports a multidisciplinary team based approach to problem focused research, which is disseminated through teaching and shaped by the needs of NSM constituents most notably business, students and the learning community. Tellefsen (2002). Recent attempts to move towards this constituency model of research and learning are discussed in the ECU case below.

Figure 1: NSM Organisation Chart



Case 2 – ECU

There are a number of obvious differences between the two case organisations reflecting context,(Norway versus Australia), purpose (business focused education and research versus a broader base of business, science, nursing, engineering and social sciences), structure (team based versus functional bureaucracy) and legal designation (private versus public).

Despite these differences both organisations have similar origins (vocational colleges) and are by definition relatively "New" teaching and research (academic) institutions, chartered in 1987 and 1991 respectively.

(ECU grew from a teachers training facility with, to an advanced education college incorporating a range of disciplines in 1986, to one of five Universities in the Western Australian region, with four faculties, four campuses and 20,000 students in 2001).
Both organisations also face similar challenges notably— attracting and maintaining sufficient numbers of capable students to meet financial or politically determined targets; attracting high quality faculty and postgraduate students to ensure research competitiveness; and building image longer term reputation with all major stakeholders.

With these challenges in view a small pilot project was launched within ECU Business faculty in November 2000. The aim of the exercise was to create a stakeholder management strategy for the Faculty of Business to support the process of creating relevant course and research portfolios attractive to faculty, students and employers. It also represented an attempt to clarify the positioning and values of the Faculty as a platform for a more purposeful and co-ordinated approach to the development and marketing of course and research portfolios.

Although the project was presented primarily as a marketing and communications initiative it also laid the foundation for a broader culture change within the Business faculty and the University as a whole. The use of external consultants to pilot a two day ‘Alternative futures planning workshop’ with 14 faculty and 2 administrative staff, provided the forum and perspective required for meaningful change to occur. The workshop process and subsequent staff discussions reinforced the benefits of teamwork in the development and dissemination of relevant knowledge within an SRM or constituency framework.

The workshop drew on materials which had been generated through a survey of Faculty staff which identified key stakeholder relationships, local initiatives designed to cultivate these, a broader constituency map, relationship gaps and untapped opportunities for developing multidisciplinary courses and research portfolios and building business partnerships and alliances.

The survey and workshop findings and sessions held in subsequent staff meeting were used to generate a stakeholder management strategy document and individual action plans to support the effective development of 'back end' product and 'front end' marketing and communication.

The exercise was successful with respect to the introduction of a more strategic view of communication and marketing within the Faculty and increased levels of staff co-operation in the development of course portfolios. There was also evidence or increased local brand recognition and student enquiries regarding business studies. However stakeholder involvement in these processes was still highly formalised (a stakeholder consultative committee meeting biannually) or ad hoc, through conversations between individual staff and their internal and external contacts. There was no real sense of a knowledge creation process harnessing the tacit knowledge of that resided within the Faculty's broader constituency and the explicit knowledge communicated through it's electronic networks.

To move towards an ICT enabled stakeholder model the strong discipline based focus had to be shifted towards a broader Faculty or ECU University constituency view.

This process was initiated through a broad review of the Business Faculty image using a task force comprised of representatives from each academic discipline within the Faculty, marketing and communications staff, undergraduate and postgraduate students and alumni. As survey of taskforce members was used to generate relevant data and stakeholder maps to be used at a subsequent workshop, where the taskforce would discuss the collated data and make recommendation for further action. The survey findings were combined with secondary data (mainly government and University policy, planning and review documents) to provide the necessary contextual detail and inform the transition process.

The findings from this exercise were presented to the Business Faculty executive team. Recommendations pointing to the need for a fundamental re-orientation of Faculty activities and priorities, a revision of existing discipline based structures and a review of employee reward systems, to build a reputation for excellence within it's broader constituency.

At the time of writing these ideas have been adopted in principle. The idea of an action learning based change program using stakeholder workshops to surface networks and tacit knowledge, promote cross disciplinary collaboration, and seed prospective partnerships with industry, government and other external stakeholders, is being canvassed at the highest levels within the University. Roche (1999); Zuber Skerrit (2000). The next step in the journey from fiefdom to knowledge centre is now subject to the political will of the University executive.

4-Summary and recommendations:
A CMO framework for New Universities.

Figures 2 and 3 below capture the current and aspirational constituency relationships for new Universities in Australia. The current view in figure 2 reflects a number of features inhibiting both enterprise, and the creation of useful knowledge within Universities. The top down, highly bureaucratic funding structure for student places and research represents major barrier, as it is heavily focused on the continued production of scientific or esoteric knowledge, and cultivating the traditional academic obsession with rigour over relevance to the needs of business and other University constituents.

In this scenario the Old University lobby will continue to marginalise new University interests and access to the research grants and high quality postgraduate students. The old Universities effectively set the rules, and when required will move the goalposts. In figure 2 the strategic focus of the new Universities is to remain respectable in the eyes of their peers and government benefactors— effectively playing by the rules of the game. This amounts to maintaining the status quo and working in accordance with government guidelines on how to approach enterprise, rather than focusing on the exploration of partnerships with business and other players within the broader University network.

Figure 2: Typology of 'New' Australian Public University Constituent Relations 'Current Scenario'

Traditional top down government funding mechanisms

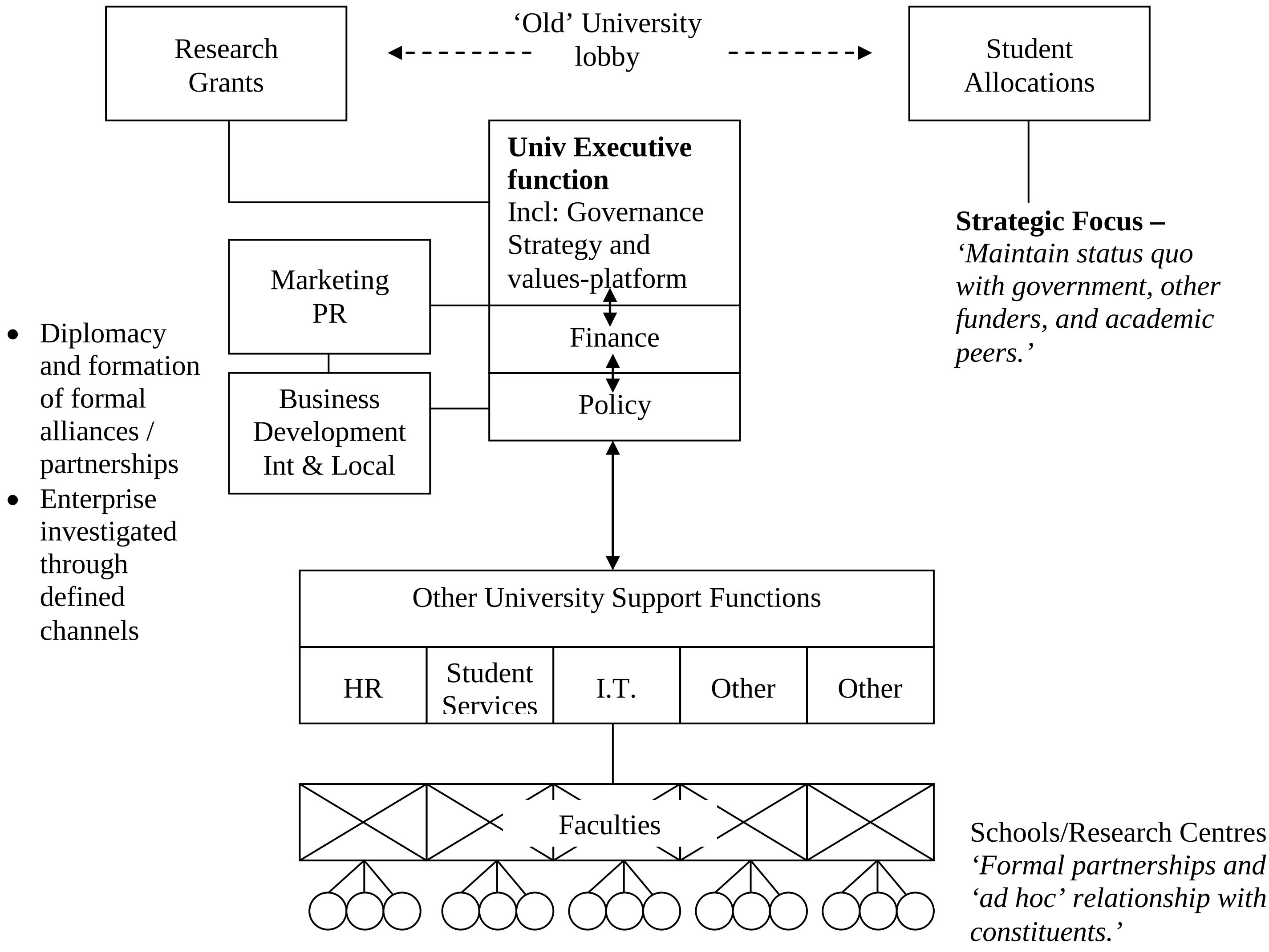


Figure 3: Typology of New Australian Public University CMO Relationships 'Alternative Scenario'

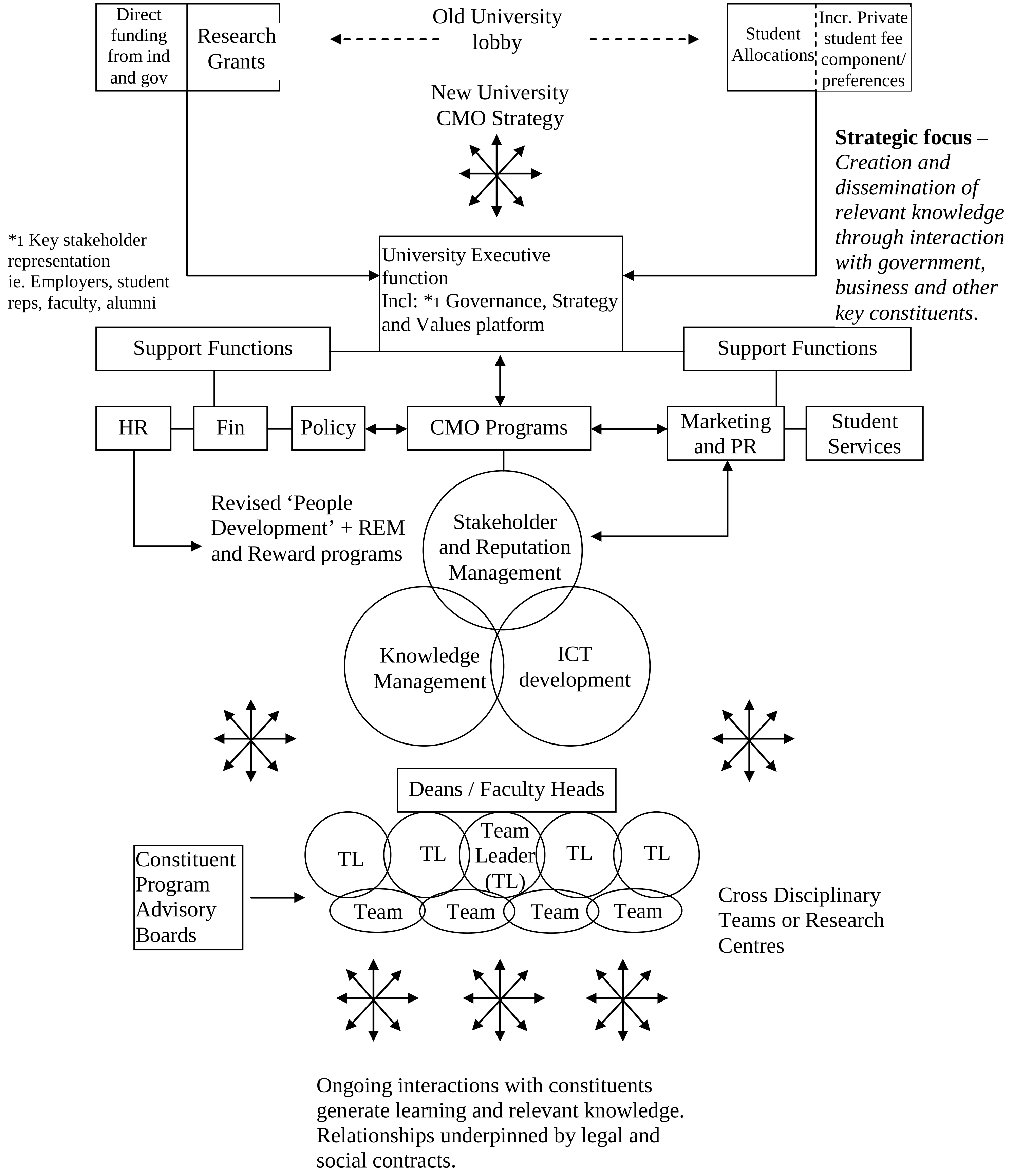


Figure 3 demonstrates that there are some clear alternatives to the status quo for new Universities in Australia by way of a shift towards broader constituent relationships, partnerships and alliances.

These begin by involving key stakeholders in the University governance structure and extend into the co-creation of relevant knowledge and problem focused research in tandem with business, government agencies, customers, suppliers and partners. To support this shift in focus restructuring is necessary to move from functional and disciplinary divisions to cross functional teams headed by Faculty Deans or designated leaders. The aims and activities of these teams, and associated teaching and research programs, are informed by constituent program advisory boards and broader patterns of stakeholder interaction.
Core support functions also have to be reconfigured to create linked stakeholder and reputation management, knowledge management and ICT programs. These are focused on increased integration of communication, data exchange and knowledge creation processes with the University and it's broader constituent network.

Finally in accordance with the NSM model the University can use growing relevance to constituent needs and associated reputation gains, to attract independent funding from full fee paying students, businesses, government and community based clients. In view of this and the declining financial and political status of many new Universities in Australia, the adoption of CMO and the vigorous pursuit of public-private knowledge partnerships by enterprising academic leaders, would appear to be both prudent and prospective.

5 - Selected References

Argenti, P. (2000) Branding B-Schools: "Reputation Management for MBA Programs". Corporate Reputation Review, Vol 3, 2. Henry Stewart, UK.

Corley and Gioia (2000) The rankings game: Managing business school reputation. Corporate Reputation Review, Vol 3, 2. Henry Stewart, UK.

Currie, C. (2001) Performance Evaluation of Australian Universities: Are public and private partnerships possible in tertiary education? Proceedings, Public and Private Sector Partnerships Conference, University of Twente/Sheffield Hallam, Enschede, NL, June.

Eden, C. and Ackermann, F. (1998) "Making strategy: The journey of strategic management". Sage, UK.

Emery, F. (1994) cited in Emery, M. and Baburoglu, O. (2000) "Education Systems and Universities as seen by Fred Emery". Conference Proceedings Educational Futures Sabanci University, Turkey, August.

Gardner, S. (2001) "Stakeholder relationship management: Addressing the dilemmas of commercialised government". Public and Private partnerships conference, Sheffield Hallam University/ University of Twente, Enschede, NL 6-9 June.

Gotsi, M. and Wilson, A. (2001) "Corporate reputation management: Living the brand". Management Decision 39/2, 99-104.

Greenwood, D.J. and Levin, M. (2000) “Recreating University – Society Relationships: Action Research versus Academic Taylorism”. Conference Proceedings Educational Futures Sabanci University, Turkey, August.

Levin, M. and Greenwood, D. (1997) “The reconstruction of Universities: Seeking a different integration into knowledge development processes. Concepts and Transformation, Vol 2, 2.

McKenna, R. and Brueckner (2000) “Challenges of collaboration in management education”. Conference Proceedings, Educational /futures, Sabanci University, Turkey, August.

Parliament of Australia (2001) "Universities in Crisis," Senate Committee report, Canberra, October.

Roche,V .(1999) Self Managed Organisational Transformation: A case study of roles in higher education. Unpublished PhD, Southern Cross Univ. Lismore, NSW..

Tellefsen, B. (1999). "Constituent Market Orientation". Journal of Market Focused Management, 4, 103-124. Kluwer, Boston.

Tellefsen, B. (2002) NSM profile details / documented communications with Scott Gardner. NSM/ECU March.

Tellefsen, B. (2000) "Cross functional and inter-disciplinary integration for doctoral education in design: Theory and experience". In Durling, D. and Friedman, K.eds(2000) Education in design: foundations for the future, 483-491.

Tellefsen, B. and Love, T. (2001) Constituent market orientation and ownership of virtual marketplaces. 2nd International We-B conference, Edith Cowan University, Perth, W..A.

Zuber- Skerritt, O. (2000) Action learning, Action research and process management.: Theory, practice, praxis. Giriffith Univ. Brisbane.