

Incremental Institutional Change and Australian Universities

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Much has been written and researched about transformational change and the exogenous events that result in radical institutional transformation. This paper examines institutions as building blocks of social order comprising power and politics and shared understanding to bring about change. Thelen and Mahoney (2010) go beyond a general model of change that describes the collapse of one set of institutional norms to be replaced by another. The model of change proposed takes into account both exogenous as well as endogenous factors as being the source of institutional change. They go on to state that a view of transformation change as being a result of abrupt, wholesale breakdown needs to be rethought to include incremental, endogenous shifts in thinking that can often result in fundamental transformations. This paper gives consideration to these issues to propose the Australian Higher Education sector as a unique sample in which to investigate this type of change.

1. Introduction

Transformational change in institutions is a significant undertaking but one in which will help to build competitive advantage. This paper will detail some of the current discussions surrounding institutions, especially in the context of institutional change. A model of gradual transformational change provided by Mahoney and Thelen (2010) is introduced, detailing all aspects of the change process giving consideration to the exogenous as well as the endogenous factors. The discussion is set in the context of the Higher Education sector as a unique institutional sample in which to investigate the model.

2. Defining Institutions

There is much academic discussion and debate surrounding institutions. Most recently, Mahoney and Thelen (2010) define institutions as the building blocks of social order that involve mutually related rights and obligations thereby organising behaviour into predictable and reliable patterns. From their inception institutions do not entirely embrace homogenous values but remain an arena of on going debate and struggle over different interests. Knight (1992) posits the idea that institutional development is 'a contest among actors to establish rules which structure outcomes to those equilibria most favourable to them'. Moe (2003) goes on to comment on the significance of cooperation and states that 'cooperation makes possible the exercise of power, and the prospect of exercising power that motivates cooperation'.

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In bringing about change within institutions a number of factors influence the change process, namely power and politics, and the need for a shared understanding about the change.

2.1 Politics and Power

The political coalitions and conflicts that characterise institutions and how these change the institutional climate are pivotal to gaining a comprehensive understanding of how institutions progress and change into the future. The makeup of internal institutional political coalitions and the external socio/economic environment begin to explain why institutions reconfigure to help them survive into the future. According to Thelen (2004) an institution's multiple and simultaneous functional and political demands may lead to power reversals. Schickler (2001) notes that diverse internal institutional coalitions, created to muster political support, may have been spurred on by opposing perspectives. The power reversals that have been seen in the Australian University sector since 2000 may be considered an pertinent example. Government legislation introduced to make universities more economically autonomous has led to dramatic power reversals that have seen a more managerialist rather than the traditional collegial perspective prevail. The new demands that have been placed on universities have impacted on academic resources and have had marked effects on academic staff (Clarke 1997). Higher performance measures with fewer resources are taking their toll on academics (Harman 2003). Academics feel less in control of their own destinies (Ramsden 1998) and they are losing control over the balance between teaching, research and administration (Bellamy, Morley & Watty 2003). Anecdotally the degree of employee involvement by academics in the Australian Higher Education sector has diminished markedly over the period of transformational institutional change.

Formal rules and legitimate, normative expectations are also characteristics of institutions. These relations of authority, obligation and enforcement help differentiate the rational choice view of institutions and voluntarism. Streeck and Thelen (2004) emphasise enforcement and obligation in order to differentiate those institutions that adopt a voluntarist approach, namely consensual agreement from those that have actors with different or conflicting interpretations that may result in seeds of change. Institutional policies can count as examples of enforcement and obligation in the sense that they constitute necessary rules for actors to abide by and if need be legitimately lead to prosecution if these rules are flouted. Streeck and Thelen (2004) go on to define institutions as social regimes in the sense that the rules and expectations that the regime (institution) represents are enforced by the society or third parties in which the regime is embedded. Defining institutions as regimes enables a heightened focus on different players that may be the catalyst for institutional change. The enactment of social rules is fraught with difficulties and these difficulties can mark the stark differences between what was intended and reality. With respect to Australian Universities, the government lead changes that were instigated in 2000 may be considered as the policy changes that were imposed by external society forces, that affected university regimes in such a way that they were forced to comply or face the penalties of reduced funding. The enforcement of new government policies had unpredicted ramifications on academic staff attesting

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to the notion that the interpretation of social rules in the course of their enactment is never self evident and is fraught with misunderstanding.

2.2 Shared Understanding

The concept of shared understanding is at the heart of a normatively ordered community. In order to arrive at this shared understanding there needs to be an ongoing commitment by all parties to what constitutes the common good. Institutions that share a strong cultural bond would be more likely to arrive at a shared understanding than one that didn't have strong cultural norms. Where there is ambiguity in shared beliefs legitimate or even subversive intervention can occur. Suffice to say that rule makers in social institutions generally have a tenuous hold over their institution. More often than not there will be constant debate between those who make the rules and those who have to abide by them. Issues to do with interpretation of the rules will be at the fore front of minds of those who have vested interests that they wish to protect. Those rule makers who understand that rule making is a process that requires continuous adjustment and revision will be the ones who will see to their institutions surviving into the future. Social interaction whether it be in an institution or elsewhere requires continuous creation and re creation by those who are directly affected by its presence. Institutional change cannot be controlled by a single entity nor is it manifest in the same way in all institutions.

Transformational change can occur in institutions when players in that institution band together and begin to redefine existing structures or functions (Jackson 1984). This type of change does not have to be pre empted by an exogenous upheaval; it can occur gradually and continuously and can have the same effect as a significant external shock (Djelic & Quack 2003). Transformative endogenous change can be produced as a result of new change being slighted, ignored or even tolerated. Pierson (2004) posits that significant change can emerge as a result of ambiguities in understanding formal institutional processes and their actual enactment. Contestable areas of institutional function, structure or policy may later become fertile ground for future dramatic change. The political make up of institutions characterise them as arenas of continuous, ongoing debate and battlefields where subversion of formal processes and rules occurs in the pursuit of vested interests. A point in case that illustrates a polemic work environment is the Australian university sector. The workload changes made to Australian academics has adversely affected their inability to balance the demands of research, teaching and administration duties. The changes have had a significantly negative impact on academics' autonomy in the work place and their working conditions. Autonomy is a measure of the amount of control employees have over their work and remains a significant buffer against work related stress (Miller et al. 1990; Ray & Miller 1991). The increased work demands create an imbalance of time spent on research, teaching and administration and can have adversely impacted on morale. Academics are becoming increasingly dispirited, demoralised and alienated from their organisation (Ferrer, Foley & VanGramberg 2009; Halsey 1992; McInnis 1992; Winter & Sarros 2002) and as a result are in constant battle with management to arrive at more equitable solutions. The university climate is in constant upheaval because, as Deeg

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(2004) posits, change is happening from within and players are trying to make the most of ambiguities in the existing process by applying innovative interpretations.

3. New Model for Change

Mahoney and Thelen (2010) provide a model for gradual transformative change that examines five broad modes: displacement, layering, drift, conversion, and exhaustion. The model proposed does not focus on exogenous disruptions to bring about transformational change but to the contrary incremental endogenous shifts in power and thinking that occur over long periods of time. Piecemeal and subtle changes that unfold over time can have the same dramatic consequence on institutions as single dramatic events. Recent research in this area reinforces the idea that institutions can evolve with metamorphic results over extended periods of time (Clemens & Cook 1999; Mahoney 2000; Thelen 2009; Pierson 2004). It would be a worthwhile topic for further research to apply this model to the Australian Higher Education sector.

3.1 Displacement

Traditionally change through displacement emanates from a shift in power (Collier & Collier 1991, Skowronek 1995, Huber & Stephens 2001). Existent power is undermined or discredited in favour of new paradigms. This may happen as a result of increasing numbers of players rediscovering, activating or cultivating new systems. Kuran (1991) posits that the increasing number of players defecting to a new paradigm relies heavily on the tipping point concept. Endogenous displacement changes that can occur through activation and rediscovery, are most effective if players are prepared to spend to meet the expenditure costs associated with funding the new requisite resources (Deeg 2005). Radical change can occur through displacement not as a result of a radical event but by gradual endogenous shifts in power within what may appear as stable institutions. Endogenous evolution may be activated by interested players, as a response to external stimuli, and lead to new types of institutions.

3.2 Layering

According to Schickler (2001) layering occurs when change is imposed on top of existing systems that prove to be intractable to change. New processes are introduced alongside immovable old ones, and although the new processes were not introduced to supplant the old ones the combined effect starts a dynamic in motion that ultimately leads to transformational change. Thelen and Streeck (2004) refer to this phenomenon as differential growth.

3.3 Drift

Institutions cannot survive by remaining static they need to continue to refocus their attention on the political and economic changes that occur in their environment. Drift can occur as a result of ambiguities in processes that cause some players to abrogate or alter their previous duties or responsibilities. Drift need not be manifest through political machinations but simply through subtle changes in the environment.

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Although these changes are subtle and not directly confronting they do still have an impact and if cultivated politically can fuel dramatic change.

3.4 Conversion

According to Thelen (2004) different from layering and drift, institutions subject to conversion are redirected to new goals, functions or purposes. This redirection can eventuate as a result of environmental changes or changes in political dynamics. The point of differentiation with conversion is that the institution not its actors changes and adapts to a new paradigm. Conversion is manifest by institutions redirecting their resources to serve new goals and this may result in some political contest in what functions or purposes should be served. Institution building and political contest can lead to compromise as a strategy to contend with the ambiguities in rules definitions, interpretation and application.

3.5 Exhaustion

Exhaustion is the process that often leads to institutional breakdown rather than change, although once again the change is gradual rather than abrupt. Institutions may with time become blind to what is happening around them, namely the economic/political changes to their immediate environment, and so do not prepare themselves to cope with the future. An integral facet of time related exhaustion is age and an institution that has been around for a long time may be subject to self consumption. In such a case the normal working of an institution undermines its external preconditions and further expansion destroys or uses up resources that they require for their continued operation (Trampush 2005).

To complete the model for change Thelen and Mahoney (2010) provide further insight into the identification of change agents, their association with a particular mode of change, and finally their preferred strategy for change. Insurrectionaries, those who reject the status quo, prefer displacement. Symbionts, there are two types, parasitic and mutualistic, parasitic symbionts exploit institutions for their own gains and prefer industrial drift. Mutualistic symbionts, also exploit the institution for their own gain but prefer to maintain the status quo. Subversives, those who wish to displace the institution by surreptitious means, work from within the system and prefer layering as a strategy. Finally opportunists, those who employ whatever possibilities exist within the existing system to achieve their own ends, prefer conversion as a strategy,

The challenge in researching incremental institutional change is trying to locate the source of the change and how this source is manifest endogenously and whether there have been external environmental influences that have fuelled this source. In addition to this the nature of the institution needs to be examined to reveal what institutional characteristics allow for change actors to appear and in what kinds of circumstances allow them to flourish.

4. The Higher Education Context

A possible application of this model to the Australian university sector would be to ask:

- What particular work life factors of academics have a bearing on the acceptance of transformational organisational change?
- Do the career aspirations and work life history of academics have any bearing on their likely acceptance of transformational change?
- Does the balance of research, teaching and administration and other working conditions for academics have an effect on the acceptance of dramatic organisational change?
- Does the context of the work environment namely the shift from collegial to managerial management style have an impact on the acceptance of transformational change

The University sector in Australia in recent decades has been subjected to much institutional change. Accompanying these changes, government reforms have overseen the introduction of a more managerialist approach to service delivery and administration replacing what was considered a more traditional collegial approach (Bellamy et al. 2003; Harman 2003; Marginson 2000). The sector has seen increases in student numbers, less government funding and advances in technology (Harman 2003; Marginson 2000). Arguably, the focus of the modern Higher Education sector is now on greater accountability and quality (Bellamy et al. 2003; Taylor, Gough, Bundrock & Winter 1998) designed around profitable business practices. These contextual changes have had a significant impact on the academic and subsequently bringing about gradual transformational change from within.

Academics are now working longer and harder than ever before (Harman, Grant 2003), they are more highly qualified, less satisfied, less committed and less involved with their institutions (Bellamy et al. 2003; Harman 2003; Lacy & Sheehan 1997; Winter & Sarros 2002; Winter, Taylor & Sarros 2000). There has been a push from academics to put pressure on the university management to bring about more equitable outcomes. Academics are under greater pressure to produce quantifiable outcomes for research and teaching (Taylor 1999). There is less time for academic freedom and autonomy with increased administrative duties (Taylor 2008). Academics are also spending more time on non-core activities and these tasks bring little or no enjoyment (McInnes 1998). This identifies within this sector the change that is occurring from within (Deeg, 2004), and these changes can be bringing about gradual transformational change based on endogenous forces from within.

5. To Bring about Change in Institutions

Universities as institutions are laden with power implications (Hall 1986, Skocpol 1995, Mahoney 2010) and it is these power implications that provide institutions with the dynamic that permits change. Management style and the way managers use people in the organisation have a significant impact on employees' motivation and morale and employees expressing their voice in the workplace (Marchington & Wilkinson 2005). Purcell et al.'s (2007) research looks at the links between people performance management and organisational performance. Zeffane (1994) and

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Deery, Iverson & Erwin (1994) argue that a harmonious industrial relations climate represented a feature of management style and is related to organisational commitment. There has been significant research completed on 'top down' management style that examines the effect managers have on employees but there has been little research completed on the 'bottom up' effect of why employees respond to particular management styles and not others particularly with respect to transformational change. Australian Universities have undergone recent transformational change and one outcome of this change is the movement from a collegial to a more managerialist style of organisational control. A collegial management style is participative and inclusive whereas a managerialist style has a more narrow decision making focus (Miliken 2001). This has had a negative impact on the working environment of most academics but others have embraced this change. The tensions and pressures that are constantly raised because of resource allocation are the fuel that fires the motivation to change existing power structures. Power struggles do not only end in winners and losers but often in compromises that require ongoing political support if they to continue into the future (Thelen 2004). Compliance also needs to be considered in the change process as in the battle for winners and losers compliance often blurs the lines between this simple dichotomy (Thelen 2010). The political alliances that can result due to compliance are challenging areas of research that will lead to a more in depth understanding of incremental endogenous change.

6. Conclusion

Institutions are subject to change and this change need not only be described as either gradual and insidious or dramatic and transformational. The purpose of this paper was to show that institutional change can be gradual, endogenous and in time transformational. Gradual, incremental changes that may have been spurred by endogenous events such as political ideological shifts, opportunistic ventures to gain more resources or gaps or ambiguities in process interpretation may lead to significant institutional change. There is quite a body of literature that analyses transformational change resultant from a critical event but there is not as much that examines gradual transformations that ultimately lead to a reinvention of institutions. The model for change that Thelen and Mohoney (2010) propose is a good start in that it tries to link modes of incremental change to different institutional contexts and institutional properties that allow for specific types of change strategies and change agents. They propose that depending on the characteristics or properties of an institution, different change strategies can be employed which are linked to particular change agents and different kinds of incremental change. Thelen and Mohoney (2010) provide a general model of change that tries to address both the endogenous and exogenous sources of change.

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