

The Trust University - an argument and blueprint

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A Collaboration

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Basque peasant farming, participatory
management, universities

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Critical accounting, governance
of organisations, universities

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Iranian nomads, transformation of
political systems, universities

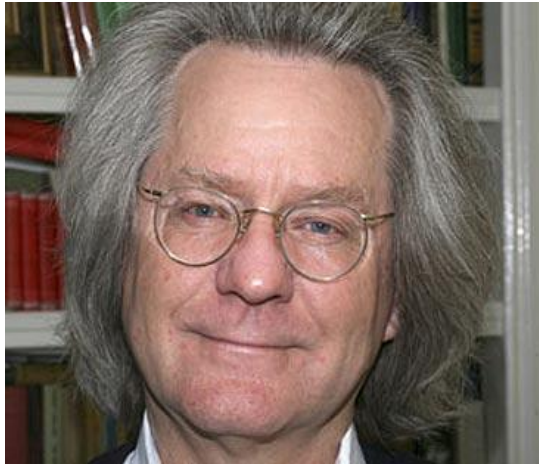
Collaboration

- University governance
 - Boden, Ciancanelli and Wright exploring John Lewis Partnership as alternative to the inappropriate corporate forms of governance widely applied to universities
 - Articles in *THE* and *Journal of Co-operative Studies*
- 'Blueprint for a Trust University'
 - Wright, Greenwood and Boden worked together one week and held a conference in Copenhagen, June 2011
- Week's fieldtrip to Mondragón University (Basque cooperative) June 2012
 - Wright, Greenwood and Boden article in *LATISS*
- Frequent ooVoo meetings – to write a publication

Trust University – Publication

- 1) Why is a trust university needed?
- 2) Blueprint - Three meanings of 'trust'
 - Legal instrument (Who (should) own(s) the university?)
 - Statutes - Trust between managers, academics, support workers, students (Who is the university?)
 - Social compact (How to achieve trust between university and surrounding society?)
- 3) Commentaries

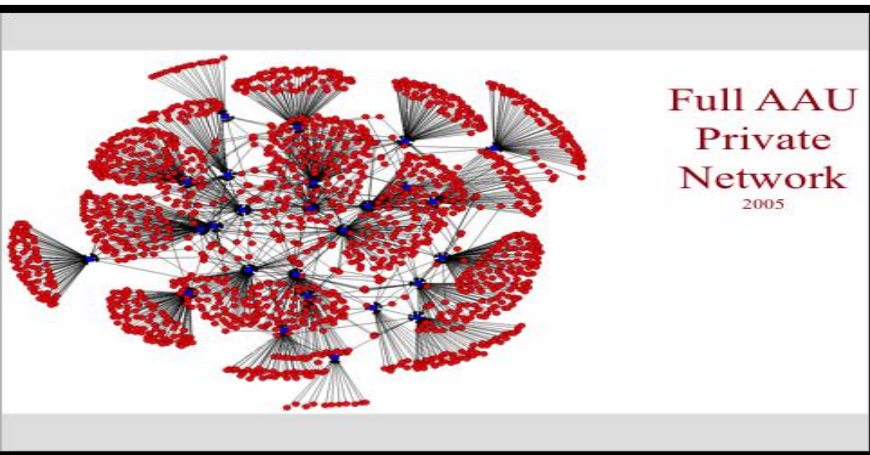
This talk focuses on the Blueprint



Who Owns the University?

Privatisation of UK universities with degree awarding powers and students eligible for government loans:

- US for-profit Apollo Global, subsidiary of Apollo Group, owner of Phoenix University, bought BPP, August 2009
- Pearson publishing and examination firm (FTSE 100 - £5bn turnover) set up Pearson College - BSc (Hons) Business & Enterprise validated by Royal Holloway, University of London, August 2012
- Sovereign Capital private equity 'buy and build' specialist bought Greenwich School of Management. May 2011
- Grayling's College of the Humanities – fees of £18,000 p.a.
- Vice chancellors' report on buy out of 'their' universities



USA 'Executive science network' aligns university's top science fields with corporate interests -1% increase in trustees in top corporate interest generates \$5.91m in R&D (Slaughter and Mathies 2012)

Legal Trust

- 1929 John Spedan Lewis invested his shares in a non-revocable Trust.
- Workers became partners and beneficial owners of JLP
- Separation of legal (Trust) and beneficial (Worker) ownership means partners cannot sell JLP
- Partners have formal rights to influence the direction of the business.
- Tiered system of representation – partners select 50% of JLP board
- Profits distributed to partners by trustees as annual bonus, proportional to salary
- Fixed salary differentials between managers and rest of partners



How to structure a trust university?

Draft statutes

1. The trust
2. Mission
3. Capital and revenue budgeting
4. The management structure
 - a. General Assembly
 - b. Governing Council
 - c. Executive Board
 - d. Social Councils
5. Evaluation systems
6. Annual collaborative self-evaluation by all three constituencies convened by Governing Council
7. Planning system
 - a. 5-year strategic plan developed by Governing Council, revised annually, implemented by Executive Board with input from Social Councils and General Assembly
 - b. Annual business plan developed by Governing Council and approved by one person one vote of faculty and support staff with input from all the social councils.

Ownership in Trust

- Copy the JLP by putting all the assets of the university in a non-redeemable Trust - so government and managers cannot privatise the university
- Managers, academics, support workers, students are partners and beneficial owners
- Separation of legal (Trust) and beneficial (Worker) ownership means present partners cannot sell the university and deny benefits to future generations

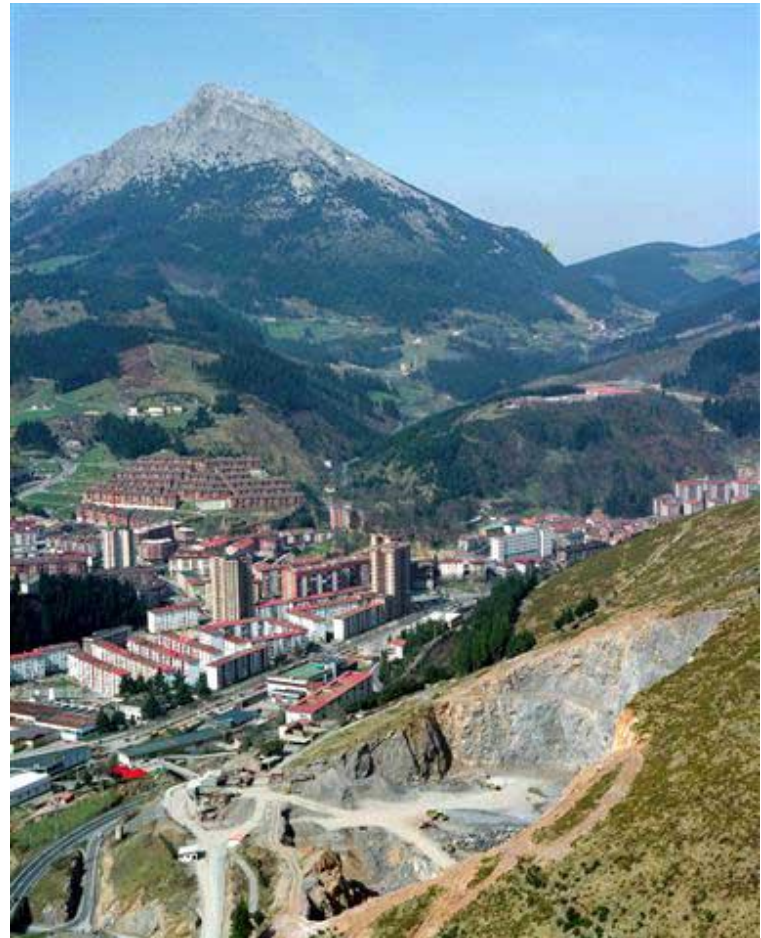
Purpose of Trust

Lewis Partnership: purpose is ' the happiness of all its members through their worthwhile and satisfying employment in a successful business'

Trust University: purpose is to facilitate socially, culturally and economically beneficial scholarship, through the work of all employees and students, whether in research, teaching and learning, or public debate. (Draft)

High Trust Organisation (Who is the university?)

- Lessons from JLP, Mondragón cooperatives and Scandinavian "industrial democracy" movement
- Importance of structural design, stakeholder inclusion, and constant re-balancing of the elements through democratic dialogue.



Mondragón

- Largest group of coops in the world
- Started 1950s – Now 120 interdependent cooperatives
- Assets 33bn Euro 2010
- Aim – healthy, dignified and well-remunerated work
- Labour owned and labour managed – invest 1 year's salary in personal capital account



- Strong economic performance in competitive markets + solidarity between members/ coops/ community
- Solidary group – own bank, healthcare, social security and retirement systems. Lend financial resources and personnel between coops for expansion and to deal with downturns
- 1997 Cooperative University

Membership and Finance

3 types of members

1. Worker-owners – after working 2 years – pay 15,000 Euros into personal capital account – receive payment in 'anticipation' of annual accounts (collective performance) - decide on raises or cuts (Business faculty 8% cut)
2. Users – Mondragón Fund for Education and Social Projects (for infrastructure) plus individual firms (collaborative R&D/education projects – relationships based on hard cash and highly traceable)
3. UG Students – pay 9,000 Euro pa. (subsidy of 2,000 Euro from income from R&D and short courses). Alecoop – provides students with paid half-time work and placements – to pay fees

Surpluses distributed between worker members, capital accounts and Fund for Education and Social Projects

Profit oriented business logic, but capital investment by workers means they discuss objectives – solidarity as defence in downturns

Decision-making structure



- Each faculty is a cooperative - university is a co-op of cooperatives
- Members –
- General Assembly
 - All members or Third workers, students, users – meets twice yearly - elects Governing Council and reviews its work – takes views of Social Councils – votes on strategic decisions
- Governing Council
 - Four workers, students, users
 - Decides 4-yearly strategic plan , Annual management plan and budget. Rigorous monthly scrutiny of actions and budgets
 - Appoints General manager/Dean
- Executive Board
 - Dean, Directors of education, R&D, vocational training
 - Gathers info on cooperatives reseach and educ needs
 - Make 4-year and annual plans
 - Reports monthly to Governing Council
- Social Councils
 - Elected by all workers – Chair is member of Governing Council
 - Deal with management system from view of members as workers
 - Inform workers on plans – preparation for General Assembly
 - Debate major decisions – financial results – invest in the organisation (individual capital accounts) or remuneration
 - Proposals toGoverning Council to modify plans
- All members doubly positioned – as worker – as owner
- Decisions take a long time, heated discussion, but implemented very easily

Trust between university and surrounding society?

Mondragón – at faculty level

1. Users on General Assembly
2. Teaching placements – annual presentations – dialogue with company
3. 4 yearly structured survey of faculty's network of companies (8 yrs ago changed pedagogy)
4. Commission on company's future needs – multidisciplinary – makes an R&D/PhD/staff training proposal to the company
5. One-off contracts or 5 year funded collaboration

Purpose of MU is education, research and knowledge exchange to develop companies and local institutions

Not 'critic and conscience' of society

We're currently working on how to develop a critical/useful relationship to 'surrounding society' and new ways of university accounting – watch this space.....ideas so far....

AARHUS UNIVERSITY SHARES ITS **KNOWLEDGE** WITH SOCIETY



No more silo mentality
in an ivory tower.

The university needs to
share its knowledge
with the community.

Concept of 'society'

What/who is society?

- Industry
 - Denmark – 2003 Law – 'universities must work with 'surrounding society' and...contribute to promoting growth, welfare and development in society'
 - UK – Research Excellence Framework – universities must demonstrate 'impact'
 - Elides 'society' with industry – 'from idea to invoice' - profit extraction not social solidarity
- Stakeholders
 - 1980s management – transactional not relational governance – managers responsible to multiple stakeholders – played them off against each other

Concept of 'society' (continued)

- Users
 - Public sector reform – supply-led to demand-led services
 - Shift from professionals to managers/politicians determining what services to be provided to whom and how.
 - Professionals to be auditable (performance measurement) – thereby 'accountable' to users
- Agora
 - Nowotny et al. A new (imagined) public space 'agora' where 'society' speaks back to 'science' – 'where science and society, market and politics co-mingle' – What material existence? What actual conversation?
- 'The Imagined Lay person' (ILP) (Maranta et al.)
 - Voices of lay people enter the agora in the mind of the scientist – no actual existence
 - An individual who reads a paper,
 - Representatives for a segment of society
 - Generalised aggregates 'citizens', 'consumers'
- Students as consumers – exercising pre-formed choices, instead of education being the process of forming critical judgement
 - What presence in decision making (as opposed to appropriated 'voices')

Reporting and Accountability

- Search conference - to identify circuits of exchange, categories of people, work to be done
- Methodology - identify participants, History of internal and external forces making the university/society relation what it is today, Probable future, Ideal future, Issues for action, Action teams and action planning
- Repeat the search conference annually – find and continually refresh users for General Assembly
- Accountability to General Assembly – twice yearly
 - reporting in numbers
 - accounting in stories
 - plan for next phase

References

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