

Chapter 17

The Regulatory Environment of Non-Profit Higher Education and Research Institutions and Its Implications for Managerial Strategy: The Case of Medical Education and Research

Marian Mahat

The University of Melbourne, Australia

Alan Pettigrew

The University of Melbourne, Australia

ABSTRACT

The concept of strategy in non-profit higher education is a contested issue. It is argued that strategy, in the business sense, does not apply to a substantially public and more institutionalized sector such as higher education and is not achievable in complex, loosely coupled organizations such as universities. Additionally, strategy does not sit easily with organizations operating in regulated contexts limiting competitive market pressures. This chapter discusses the regulatory environment of non-profit higher education by focusing on one of the most highly regulated disciplines: medical education and research. The chapter will begin by developing a context for discussion by firstly mapping the landscape of Australian medical education and research. Subsequently, the chapter argues that medical schools and research institutes need to exercise as much discretion as they can in the area under their control, develop sound strategies to deal with their changed circumstances, and develop a coherent and defensible basis for decision making through assessing their environment.

DOI: 10.4018/978-1-5225-2537-0.ch017

INTRODUCTION

Every not-for-profit organization needs a strategy—a set of unified actions undertaken to advance a not-for-profit organization's mission by leveraging its competitive advantage (La Piana, 2008). In higher education and research, key issues shaping the competitive landscape compel not-for-profit institutions to make strategic choices in order to make use of their resources effectively and efficiently. However, the concept of strategy in non-profit higher education in particular is a contested issue. It is argued that strategy, in the business sense, does not apply to a substantially public and more institutionalised sector such as higher education (Amaral, Jones, & Karseth, 2002; Gumport, 2001) and is not achievable in complex, loosely coupled organisations such as universities (Leslie, 1996; Musselin, 2007). Additionally, strategy does not sit easily with organisations operating in regulated contexts limiting competitive market pressures (Mahon & Murray, 1980, 1981; Smith & Grimm, 1987). Managing higher education and research institutions is a task complicated by complex, multistage regulatory processes. Many organizations, including governments, professional bodies, funding and accreditation agencies play important roles and provide various levels of input or control.

Operating within higher education systems is a task made complex by frequent reviews of performance, standards and funding arrangements, the compartmentalised nature of the regulatory environment, and uncertainty resulting from changes in legislation. Regulation in higher education is common across countries although the extent of regulation intervention varies among systems. In most cases, and Australia is no exception, institutions globally are being granted more autonomy by governments. But it is fair to say that governments have sometimes been hesitant to grant institutional autonomy in all areas (Esterman & Nokkola, 2009). Moreover, governments have often exchanged a priori control (through regulation) with ex post controls (through evaluation) (Neave, 2012). In the Australian context, regulation of higher education can be summarised as follows:

Australia's change in funding regime and its subsequent battles over risk-based regulation, institutional profiles and standards provides for further evidence of the dual dynamic of growing marketization and competition that is coupled with growing hierarchical oversight and reduced discretionary professional judgement (Black et al., 2015, p. 7).

Although the Australian higher education sector has witnessed substantial growth over the years, concerns have been raised about the quality of Australian higher education generally and its competitiveness within the global market (see, for example, Coaldrake & Stedman, 2013). Moreover, significant and diverse forces, such as globalisation and the growing use of technology, have driven further changes in the higher education landscape. The question then arises, can higher education institutions, especially universities with a long history of academia and scholarship, navigate such a regulated context, to make strategic decisions about their positions with the system?

This chapter discusses the regulatory environment of non-profit higher education by focusing on one of the most highly regulated disciplines in the field: medical education and research. In Australia, some faculties of medicine have annual revenues larger than some universities, or larger than all faculties put together within their university. Additionally, medical education is an intensely evidence-driven professional field that operates in an increasingly regulated environment as compared to other fields within universities, which can have an impact on the role and character of an institution's strategy. Many universities and their faculties of medicine are closely aligned with Medical Research Institutes (MRIs), be

14 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:
www.igi-global.com/chapter/the-regulatory-environment-of-non-profit-higher-education-and-research-institutions-and-its-implications-for-managerial-strategy/180802

Related Content

Understanding the Relationship Between the State and Markets in Public Administration

Jyldyz T. Kasymova (2018). *Positioning Markets and Governments in Public Management* (pp. 11-25).

www.irma-international.org/chapter/understanding-the-relationship-between-the-state-and-markets-in-public-administration/191393

Innovative Approaches to Public Safety: Implementing Generative Adversarial Networks (GANs) for Cyber Security Enhancement in Public Spaces

Anita Chaudhary (2024). *Enhancing Security in Public Spaces Through Generative Adversarial Networks (GANs)* (pp. 296-304).

www.irma-international.org/chapter/innovative-approaches-to-public-safety/347474

Turkish Public Diplomacy: Current Understanding, Actors, and Applications

Samet Kavoluand Ergün Köksoy (2023). *Global Perspectives on the Emerging Trends in Public Diplomacy* (pp. 1-23).

www.irma-international.org/chapter/turkish-public-diplomacy/327769

Smart Creative Tourism: Public Participation through Technologies in Chinese Museums

Chunfang Zhou (2020). *International Journal of Urban Planning and Smart Cities* (pp. 58-69).

www.irma-international.org/article/smart-creative-tourism/244201

Promoting Transparency and Strengthening Public Trust in Government through Information Communication Technologies?: A Study of Ghana's E-Governance Initiative

Frank L. K. Ohemengand Kwaku Oforu-Adarkwa (2014). *International Journal of Public Administration in the Digital Age* (pp. 25-42).

www.irma-international.org/article/promoting-transparency-and-strengthening-public-trust-in-government-through-information-communication-technologies/112002