

Australian higher education reform: A reflexive modernization perspective

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Abstract: The aim of this paper is to critically examine the Nelson reform agenda for Australian higher education through the theoretical lens of the reflexive modernization thesis. After a brief overview of the main ideas and concepts of reflexive modernization, the principal characteristics of the Australian government's higher education reform agenda are identified and discussed. This paper demonstrates that the Nelson reforms are an intensification of a process begun in the 1980s that is opening the higher education sector to increased competition, privatization, and marketization. Higher education policy has forced universities to undertake rapid and profound change over the past two decades that is radically redefining the nature and purpose of higher education. The trends identified have significant implications in that the Australian higher education sector is being fundamentally transformed through individualization, risk, and reflexivity manifest, for example, in the introduction of a tiered system of universities, a reform of government support for students, and a radical re-arrangement of employment conditions within the sector. These reforms are calling into question the nature and role of universities within Australian society.

Key words: higher education, reflexive modernization.

Introduction

Since their election a decade ago, the Australian Liberal/National Coalition (centre-right) government has pursued a neo-liberal reform agenda with regard to the higher education sector. This agenda is expressed most noticeably in the Nelson Report (2003). Much of this agenda has been implemented, for example, the April 2005, announcement of changes to workplace relations requirements in universities. These changes force universities to offer staff individually negotiated contracts as an alternative to the current collective bargaining arrangements. Under the policy, universities must comply or face loss of future government funding of five percent in 2006, rising to seven percent per annum in later years (Department of Education, Science and Training, 2005a). Further reforms occurred after July 2005 when the government gained control of the Senate enabling it to overcome resistance from opposition parties to many of the policies outlined in the Nelson Report (2003). In addition to changes to workplace relations, the Nelson Report (2003) includes changing the governance of universities and allowing local and international private education institutions to begin competing with local, publicly funded universities. These reforms mark a further step in the reflexive modernisation of Australian universities that began in the 1980s, reshaping the higher education system into one that emphasizes competition, privatization, and marketization (Pick, 2004). In this paper, the Australian government's higher education reform agenda is examined in the light of these trends using the ideas and concepts of reflexive modernization.

Reflexive modernization

Reflexive modernisation was outlined in detail over a decade ago by Beck, Giddens, and Lash (1994) and further elaborations are developed in Beck (1994; 1996; 1998), Giddens (1991; 1994) and Lash (1994a; 1999). The major theme developed in the reflexive modernization thesis is the emergence of a new epoch in the development of Western society. In essence, the transformations that are occurring are conceptualised in terms of a continuation of modernity rather than a continuation of capitalism (Beck, 2000). Beck (1994) identifies the role of modernity as the engine of change, firstly in the shift from ‘traditional’ (Western European) society into industrial social forms and secondly, the subsequent ‘reflexive modernisation’ of industrial society. As such, reflexive modernisation involves far-reaching and deep changes to national, regional, and international institutions of economic, social, cultural, and political governance that mark the re-shaping of society after the end of the cold war. It is interesting to note here that the work of leading reflexive modernization theorists (particularly Giddens) have generated major ideas informing policy development around the world and provide a powerful framework for critiquing the effects of government policies in key areas such as higher education (Dannreuther and Lekhi, 2000).

Australian higher education policy has been very much at the forefront of reform driven by recognition that universities are a significant location for the development of the ‘knowledge industries’ of global capitalism. As such, the sector has received much attention from successive governments intent on creating new and lucrative export markets. Consequently, higher education policy has forced universities to undertake rapid and profound change over the past two decades that is radically redefining the nature and purpose of higher education. In the context of Australian higher education, reflexive modernisation includes three concepts that capture the present policy trajectory outlined in the Nelson Report (2003). These concepts are individualization, risk, and reflexivity.

Individualization in Australian higher education

Individualization refers to a process by which people are disconnected from collective social structures. As these structures weaken and disintegrate, institutions (e.g. family, government departments, trades unions, universities) are also going through an individualization process in that they are being hollowed out from within as they themselves lose the ability to assert collective authority and control. In living individual, unconnected lives, people are only partly integrated into society through its institutions (e.g. as students, voters, taxpayers, and car drivers). They are therefore dependent on those institutions that facilitate these interactions (e.g. schools, taxation office, and government agencies) (Beck and Beck-Gernsheim, 2002). There is a paradox here in that people lives are both distinctive and standardized by the legalities and norms set by institutions that are in the grip of a crisis of legitimacy.

Applying Giddens’ (2002) ideas to policy, it is possible to identify the particular strength of the concept of individualization in that one can view the effects of policy more than as just ‘out there’ phenomena remote from people. The effects of policy are also ‘in here’, influencing intimate and personal aspects of people’s lives. The overall implications of individualization have been discussed extensively by Beck (1994; 1998) and Beck and Beck-Gernsheim (2002). From these accounts, three key aspects of individualization can be identified: differentiation, choice, and disembedding.

Differentiation

Beck and Beck-Gernsheim (2002) define differentiation in terms of the breakdown or disintegration of peoples lives into separate functional spheres mediated through social institutions such as schools, the taxation office, and government agencies. Whilst universities are an example of these mediating institutions, it can also be argued that in Australia, universities are themselves being differentiated. Differentiation of the higher education sector is a stated policy objective in the Nelson Report (2003). Under the banner of ‘diversity’, universities are actively encouraged to ‘differentiate their missions’ and specialize their functions through ‘developing a strategic portfolio of research activities and training programmes’ (Nelson, 2003, p.31). This marks a shift in policy thinking from unplanned to planned differentiation from which three tiers of universities will emerge based on a government sponsored assessment of ‘research quality’ (The Research Quality Framework). A small number of ‘tier one’ universities will be research-intensive institutions, the second tier will be composed of universities that have a less significant research profile with more focus on teaching, and the third tier will largely be teaching-only. This creates a ‘back to the future’ situation in that the effects of policy in many ways resurrect the pre-1980s divide between ‘universities’, ‘institutes of technology’, and ‘colleges of advanced education’.

Choice

In the context of choice, individualization refers to the notion that people must create their own biographies. This means that the structures of social class (e.g. gender roles, sexuality, and race) no longer determine life choices as the reflexive transformation of society’s institutions undermines and renders them obsolete. Whilst the idea of individual choice has a positive meaning in that one has one’s own life, it includes the individualization of both successes and failures. People not only reap the rewards of success but also carry the burden of failure. For example, individuals are increasingly required to take responsibility for their own health care, their own education, old age pension, and unemployment with limited recourse to social welfare.

With regard to higher education, the policy of ‘choice’ is manifest in the form of viewing students as consumers or customers. In the Nelson Report (2003), the value of individual choice justifies a re-framing of government funding support for university students (the Higher Education Contributions Scheme – HECS). In the pre-Nelson HECS system, students were required to contribute to their (nationally standardized) higher education course fees either by paying up-front or through the taxation system after graduating. The Nelson reforms signal a change to this system. Full-fee paying places for Australian students have been introduced and universities have the option of increasing the cost of government subsidized (HECS) places by up to 25 percent (most universities have already done so). These changes are in addition to an earlier introduction of differentiated HECS fees for different types of degree courses based on demand and cost of provision. This contrasts significantly from the previous system of all universities charging the same fees to local students regardless of location or course. Thus, the burden of paying for a university education is shifted to a greater degree from the collective to the individual. As government subsidies to universities fall, the cost of a university education rises and failure to complete bears heavily on individual student’s financial resources. Under the Nelson system, whether someone succeeds at getting a place at university depends more on personal resources – financial as well as intellectual – thus accentuating social inequalities through limiting the life chances of those people without the financial resources to meet the cost of attending university.

Disembedding

Reflexive modernization theory conceptualizes disembedding as arising out of individualization. It refers to how people and institutions are lifted out from the taken-for-granted heteronomous structures of industrial modernity (e.g. family roles, class, race, gender, education, knowledge) which are then replaced by heterodoxical contingencies (Beck, 1994). Beck and Beck-Gernsheim (2002) argue that there follows a process of re-embedding into new forms of life as new means of integration and control are created. However, Baumann (2002) contends that there can be no long-term re-embedding as social, economic, and cultural structures are in a constant state of flux.

Higher education in Australia is undergoing a process of change in which a crisis of identity and legitimacy, brought about in part by government policy and in part by the universities themselves, has led to the progressive disembedding of universities. This process of disembedding from structures that define their configuration and practices (e.g. discipline boundaries, professional rules, and academic independence) means that the fundamental *raison detre* of the university is itself being questioned (Readings, 1996). This is evident in Coaldrake's call for a 'fundamental re-appraisal of university traditions and practices' (Coaldrake, 2000, p.21) and in a federal Minister for Education's view that 'to survive and prosper in a rapidly changing world, universities must embrace the market place and become customer-focused business enterprises' (quoted in Currie, 1998, p.15). The disembedding of universities continues in the present. As Nelson points out, 'we now have a unique opportunity to achieve fundamental reform ... Australia's competitors are already moving ... to develop significantly more diverse higher education systems that respond to the widening demands of a globalized, interconnected world' (Nelson, 2003, p.10). This 'fundamental reform' (disembedding) is evidenced in the rapid privatization of universities and the reform of industrial relations in the higher education sector.

With regard to privatization, there is a clear intention on the part of the Australian government to create a competitive and commercialized higher education system. Although Nelson rejects an 'unfettered free market' (Nelson, 2003), what is being proposed is a 'regulated free market' inhabited by hybridized institutions that are neither private nor public. Australia is one of four OECD nations whose universities receive over 50 percent of their funding from private sources (the others being Korea, Japan and the USA) (OECD, 2005). This decline is reflected in an eight percent reduction of government expenditure per student in higher education between 1995 and 2002 making Australia only one of six OECD nations to experience such a fall (OECD, 2004; 2005). Clearly, Australian universities are no longer largely funded from the public purse and must now re-invent their cultures and practices to suit the new environment in which they find themselves.

Industrial relations reforms in higher education are also having a disembedding effect on the form and culture of universities. The reforms are outlined in the Nelson Report under the banner of 'fostering flexible and responsive workplaces' (Nelson, 2003). The aim of the Nelson workplace reform agenda for higher education is to dismantle the current collective bargaining arrangements and replace them with a system in which staff are placed on individually negotiated contracts. These changes include forcing universities to deal directly with individual employees or through a third party nominated by the employee. These workplace reforms are an attempt to transform the current collective system to an individualized system, significantly weakening the role of trades unions in the higher education sector. The ultimate effect of this will be to erode the conditions of employment won by trades unions during the second half of the last century. The Nelson vision of a 21st

Century Australian university seems to be a workplace of chronically disembedded 'higher education workers' on short-term and casualized contracts with bargaining power restricted to an individual's resources and ability to negotiate their terms of employment.

The Nelson reforms signal an intensification of the disembedding of the ways of life and cultures of universities from being public to largely private institutions. This is reflected in significant reforms to funding arrangements and employment conditions. Universities and their major stakeholders (e.g. staff, students, and communities in which they operate) are being progressively disembedded from a mainly social, collective, and collegial orientation. They could then be consigned to a state of chronic disembedding in a situation of flux and uncertainty characterized by individualism, economic rationalism, and competition.

Risk in Australian higher education

Risk is conceptualized in reflexive modernization theory as referring to the systematic way that society deals with the unintended and unforeseen side effects of modernization (e.g. nuclear accidents, global warming, and ozone depletion) (Beck, 1992). These risks are unprecedented in human history because they threaten irreparable global damage and as such are all pervasive and inescapable (Beck, 1996). Lash (1994a) argues that as a result, the notion of 'risk' has become a central theme of contemporary society as individuals and institutions try to construct potential futures in an increasingly unpredictable environment. It is not surprising then that Australian universities are faced with growing and increasingly uncontrollable risks. What is surprising is that in such a situation the policy stance of the federal government would be to intensify the effects of risk through the removal of support and protection, especially with regard to funding and maintaining market share. This has significant influence in the way the universities have responded to emerging risks.

The gradual withdrawal of government funding and the plan to increase competition represent a major risk for universities in terms of creating uncertainty of future sources of income. Pratt and Poole (2000) identify effects of this policy at the institutional level. They argue that because of declining government financial support, Australian universities have no option but to rework themselves in order to function because they are exposed to the continually changing circumstances of the dynamic and complex forces of the global higher education market. Marginson and Considine (2000) examine the consequences of this trend. They maintain that universities are experiencing the intensified risks-effects created by higher education policy in the sense that they are being affected by many factors that are beyond their control (e.g. government policy and international education market conditions). In such an environment, their own actions will be decisive in determining their future success or failure. The Nelson proposals are increasing the degree of risk within the higher education system through a deliberate further exposing of the universities to market forces and increasing their dependence on private sources of funding (i.e. international fee-paying students, fee-paying domestic students, and research partnerships with private corporations). Government funding for the higher education sector was A\$4.3 billion in 1995, A\$4.1 billion in 2001, and A\$4.3 billion in 2004 (Department of Education, Science and Training, 1997; 2003; 2004). This represents a significant drop in income for universities after inflation is taken into account. Furthermore, from 2005, private higher education organizations, regardless of country of origin, will be able to become providers of higher education courses in direct competition with established domestic universities for both government supported and full-fee paying students. Students at such private institutions would be able to access the FEE-HELP scheme (a government sponsored loan scheme for full fee-paying students) and

specially funded National Priority Places (government-identified areas of labour shortage – e.g. nursing and the educational needs of indigenous people). This will give access to overseas universities wishing to recruit local and overseas students and allow relatively low-cost institutions, without the public service obligations, administrative overheads, and broad research and teaching responsibilities of local universities, to offer lower fees. This would further compromise the financial viability of universities who are (with government encouragement) dependent on income from full-fee paying students.

The changes under the Nelson reforms are a significant threat to the financial viability of Australian universities. This threat will be particularly acute for smaller universities located in the larger cities and in regional centres that are already struggling financially and those universities that rely heavily on income from international fee-paying students. The chances of serious damage being done to public higher education as a result of increased competition within the sector are high as decreasing government support for public universities exposes them to the grim reality of competition. As a result, they are becoming more anxious and unstable institutions that are responding to risk with a ‘combination of managerial aggression, academic falter, and plastic imitation’ (Marginson and Considine, 2000, p.24). In short, the Nelson reforms are a challenge to the long-term sustainability of publicly funded higher education in Australia marking the reinforcement of the shift towards a neo-liberal induced extreme case which Marginson and Considine (2000) call the ‘enterprise university’.

Reflexivity in Australian higher education

Beck (1994) uses reflexivity to describe the responses of individuals and social institutions (e.g. governments and universities) to the risks and uncertainties that confront them. Lash (1994b) employs the term ‘institutional reflexivity’ to encapsulate these responses that describes the ways in which organizations have become self-referential. In the context of Australian universities, this self-reference is manifest most clearly in the requirements from government to monitor and control their performance according to prescribed criteria such as research quality, teaching quality, financial operations, and student enrolments. This micro-management of universities through regulation stands in contrast to the neo-liberal macro-policy stance of creating a privatized higher education ‘market’. This contradiction of macro-steering and sometimes complex micro-regulation (e.g. student fees and industrial relations) is leading to a situation in which university managers and administrators are responding in ways that are self-referential and reflexive (i.e. without reflection). This is creating policy decisions and outcomes not necessarily those that were originally intended or desired.

Two examples of the consequences of increasing reflexivity are the demands from government for greater ‘accountability’ and the regulation of student fees. At the macro-level the Nelson reforms include ‘accountability’ under the ‘Institutional Assessment Framework’ that will determine the funding of each university on a biennial basis. Whilst at the macro-level universities are free to set their own strategic directions, the emphasis on ‘accountability’ through a series of quality assurance measures involves the increased collection and reporting of performance information at the institutional level. This is producing a short-term approach within the sector as individual universities constantly self-monitor and self-adapt in response to government requirements, rather than developing a clear long-term vision for the whole higher education sector.

In terms of student fees, the macro-level policy direction the federal government has plotted for universities is one that involves withdrawing public funding and pushing universities

down a path towards privatization. At the same time, micro-level regulation has limited the ability of universities to expand their domestic sources of income. The federal government caps the fees universities can charge for government-supported places meaning that their ability to charge higher fees for high-demand courses is limited. Government regulation also imposes limits on the amount a person can borrow under the FEE-HELP scheme effectively placing a ceiling on the fees universities can charge for domestic private students and the demand for such places. This leaves international fee-paying students as a main source of private income that over the past decade has increased in importance. Of the total income of the Australian higher education sector, 15 percent now comes from these students (Department of Education, Science and Training, 2005b).

The consequences of government micro-regulation and reporting demands, coupled with macro-policies of limiting public funding and increasing competition could be profound. Australian universities are in a constant state of reflexive adaptation and change in order to survive and prosper in an uncertain environment. Universities and their stakeholders are in the grip of a debate about the nature and future of higher education in Australia (Coady, 2000). However, universities will be less able to make their own futures as they are locked into a constant cycle of being forced to respond in a reflexive way to policy reforms and market pressures.

Conclusion

The macro-level changes in national higher educational policy since the mid-1980s are largely based on neo-liberal perspectives. In this analysis, the effects of the most recent reforms detailed in the Nelson Report (2003) are examined using the key theoretical framework of reflexive modernization. Fundamentally, the Nelson Reforms are intensifying the reflexive modernization of the Australian higher education system through the employment of neo-liberal policies that emphasize individualism, marketization, and increased competition. As higher education policy forces Australian universities to change their form, culture, role, and relationships, there is evidence that they are developing new, disembedded forms of life. These are characterized by increased vulnerability through operating in an increasingly risk-dominated marketized environment, more individualized working conditions for employees, and decreasing government support. Universities are forced to behave more like competing private corporations where meeting the needs of customers, market share, and profit are major considerations. However, they are subject to regulation that makes them self-referent and less self-assured focusing on meeting government reporting requirements. The resulting individualized, risk dominated institutions vulnerable to the ebb and flow of forces beyond their control marks the transition to full reflexive modernity as universities in Australia become entirely different institutions.

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