THE CORPORATE MODEL AT OAKLAND UNIVERSITY

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There is increasing concern about the use of the corporate model at public universities. Some writers in this journal have drawn attention to corporatism at Oakland University. In the Spring, 2002, issue, Sherman Folland distinguished the goals of a not-for-profit university from those of a private sector corporation. Sharon Howell discussed university values and their incompatibility with corporate standards.

An important question has been unanswered, however: what *is* the corporate model? Are different people talking about the same thing? Do some differences of opinion reflect the lack of definition?

In the interests of continuing and perhaps sharpening the focus of the conversation, I offer a description of the corporate model, and some observations on its application at OU. Not everyone will agree with my description, of course. That is part of the discussion. However, the description may help the discussion be more fruitful.

The Logic of the Corporate Model

The principles of the corporate model are easy to understand, though not to implement. The logic is found in the methods

of total quality management (TQM) and business process reengineering (BPR).

Using it requires many things: cognitive skills, emotional skills, social skills, effort.

Not everyone has all these skills, of course. Limits in these can be allowed for to some extent.

Is It Real?

Yes and no. Good managers do it. Many do not.

There is one thing that a manager must do for the corporate model to succeed: adopt stakeholders' goals as his or her own. This is *essential* for the corporate model to be worth using. The corporate model can help an organization be effective, but effective at what? The model can help an organization be efficient, but efficient at what? The corporation model is not a closed, self-justifying system. Corporations exist for a reason.

The primary justification for using the corporate model is that it helps achieve stakeholder goals effectively and efficiently.

The ideal corporate manager is a steward. He or she understands what stakeholders want to achieve, and designs processes to achieve those goals. In theory, shareholders are the most important stakeholders in US corporations. Corporate rhetoric focuses on creating shareholder wealth. Careers stand or fall based on quarterly profits.

Adopting stakeholder goals is to some extent a moral choice on the part of the manager. Managers have power. They are given resources, and asked to deploy them to achieve stakeholder goals. However, given the complexity of a modern corporation, limits on oversight, and the ambiguity of means to achieving goals, it's easy for executives to serve their own interests instead. Unscrupulous managers at companies like Enron and Worldcom can use their power to increase their

wealth at the expense of investors' long-term interests, not to mention employees.

Failure in stewardship is not always so obvious. A manager might appear to serve stakeholders, but in reality be serving his or her own goals. For example, most shareholders are mainly interested in profits. However, a sales manager in a particular company might care more about increasing the number of people reporting to her, because of the feeling of power it gives her. She tells shareholders that the way to greater long-term profitability is to maximize market share. This might be true, but often is not. The company might achieve better results by focusing on the most profitable customers. However, if the manager gets the company to agree to maximizing market share, she will need more people, a bigger budget, and so on. She *seems* to be serving stakeholders, but in reality she is serving herself.

How long can she get away with this? For a long time. Increasing market share might create some profits, though not as much as would have been earned with a different strategy. Opportunity costs are generally not visible. As long as she brings in a reasonable profit, says the right things, and does not annoy the wrong people, she can continue. She may not even be fully aware of what she is doing. Subconsciously, she knows that having people defer to her feels good. She convinces herself that the plan that gives her more of these feelings is the best one.

How many managers truly adopt stakeholder goals? This question is impossible to answer with precision. My personal impression is that many executives in private corporations do not serve stakeholders' interests. Not shareholders. Not civil society. And certainly not employees. Many are serving their own emotional impulses, though they lack the insight to know it. They would angrily deny such an accusation, of course. But their reasons for ascending the corporate ladder have much to do with satisfying their needs for approval and dominance.

There are clues one can look for in judging the extent to which a manager serves stakeholders. They aren't necessarily

found in results. The world is a complex, ambiguous place. It isn't always clear what stakeholders goals are, or how they should be best achieved. Even the best-laid plans fall to the unforeseen. However, one can look at whether the manager tries to be a good steward, particularly in the essential task of goal identification. Does the manager ask stakeholders what their goals are? Does he or she review goals with stakeholders, so everyone can understand their implications? Does the manager try to negotiate goal conflicts? Are higher-level goals translated into goals for subordinates? Does the manager try to motivate employees to achieve these goals? Is there any attempt at measurement? Are processes reviewed and improved?

Does OU Follow the Corporate Model?

What about Oakland University? Does it follow the corporate model? Sometimes. Many faculty think deeply about their goals and methods. They listen to and challenge students, and genuinely do their best to help students understand. There are academic departments that sustain this behavior. Cooperation and mutual support are cultural norms. Each course the department offers is designed to fit into a larger scheme, based on an educational vision that faculty have articulated. There are administrators and administrative departments that operate in a similar fashion. They think carefully about their goals and the methods they will use to achieve them.

This is the corporate model at its best. It's about accepting personal responsibility for meeting stakeholder goals. It's about good stewardship.

Not everyone at OU acts like this. There are, for example, faculty who see teaching as a necessary evil, a distraction from their scholarly interests. There are academic departments that don't spend time talking about curricula goals.

Obligations to students and other stakeholders rarely enter their discussions.

The same is true for some administrators. They give the appearance of adopting the corporate model, but their behavior shows where their real priorities lie. They fail to engage important stakeholders. They do not articulate their goals. They do not lead by example. They do not encourage a shared vision among their subordinates. Their subordinates do not trust them, and treat their pronouncements with appropriate suspicion.

Worst of all, some administrators treat efforts at serious discussion of goals with contempt. Faculty who raise such issues are labeled as "out of touch," or "not understanding business realities." Actually, the reverse is true. Sherman Folland wrote about the objectives of not-for-profit universities in the Spring, 2002, issue of this journal. There is some good, hardheaded business sense in his article. He starts where good managers start, with the question: what is this organization *for*?

CONCLUSION

The corporate model is about identifying stakeholder goals, translating goals into processes, creating process and output measures, and adjusting processes over time. Leadership is about motivating employees to reach goals. Good leaders win hearts as well as minds. They set an example. They are trusted to keep various stakeholders' interests in mind when making decisions.

There are people like this Oakland University. But there are others who have no sense of obligation to anyone but themselves. They wear the right clothes, have lunch with the right people, and attend the right outings. They appear to play the "university as business" game. But those who understand the game know the real score.