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The Impact of the State on Institutional Differentiation in New Zealand

by

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The New Zealand higher education system is a small but complex arrangement of colleges, polytechnics, institutes of technology and universities that on the surface appears to display admirable diversity for a system that serves around four million people. However, while major legislation introduced in 1990 formalised four distinct types of public tertiary institution, in practical terms, the last 12 years have been characterised by the progressive convergence of institutional types.

Through a brief historical review and the analysis of institutional mission and values statements, and published performance indicators, this article explores and illustrates different perspectives of diversity amongst New Zealand higher education institutions which have converged over the last 12 years. This convergence occurred during an extended period of deregulation in which the market has acted as a surrogate for overt government policy in shaping the direction of the system and the institutions within it. Even recent formal government policy supporting the development of strong and distinct institutional identities and greater differentiation amongst tertiary institutions has been thwarted by the same government's intervention to prevent system change by limiting the number of universities in the country.

Introduction

New Zealand is a small South Pacific country with a population of just under four million. Prior to 1990, it had a well-differentiated tertiary education system comprising three types of institution: universities, polytechnics, and colleges of education (which offered pre-service primary and secondary teacher education). The boundaries between these institutional types were well-maintained by legislation and accompanying regulation. Following the passage of the Education Amendment Act in 1990, however, this scenario changed significantly. This Act redefined these three types of tertiary institution and added a fourth, the *wananga*, which was designed to provide specialist programmes for Maori in the Maori language.

There are currently eight universities, which offer a wide range of undergraduate and postgraduate degree programmes, 23 polytechnics, most of which are relatively small and offer applied programmes up to and including first degree level, four colleges of education, and four small *wananga*.

On the surface this seems to provide a reasonable degree of diversity amongst New Zealand's tertiary institutions. However, the 1990 Education Amendment Act, amongst other things, allowed the polytechnics, colleges of education and *wananga* to offer degrees. This, together with increased institutional autonomy, and a competitive environment promoted a convergence of New Zealand's higher education institutions and, arguably, a reduction of the institutional diversity that Government policy was designed to enhance.

This article outlines the New Zealand education policy of the 1990s and its impact on institutional diversity, and describes some different approaches to exploring the similarities and differences between New Zealand's higher education institutions.

The education reforms of the 1990s

The build up to the 1990 legislation which so changed the face of education in New Zealand comprised a number of influential reports to government. The first was the Probine/Farger Report (Probine and Farger, 1987). This was followed by the Picot Report (Picot, 1988), which addressed the administration of education, and picked up several of the Probine/Farger recommendations concerning the establishment of charters for schools and polytechnics. The third and most significant report was the Hawke Report

(Hawke, 1988). This, in turn, led to the government's response in the form of two critical policy documents, entitled *Learning for Life* (Lange and Goff, 1989).

Learning for Life proposed greater autonomy and accountability for post-secondary institutions through the establishment of charters and the introduction of "bulk funding". It also recognised the need for students to make a greater contribution to the cost of their own education, and for the establishment of a loans scheme to compensate for the increased costs.

Learning for Life also redefined the roles of the institutions that would deliver post-compulsory education and training. In particular, it identified the college of education, the polytechnic and the university as the prime institutional providers of this education and training. Critically, *Learning for Life* picked up one of the more profound recommendations of the Hawke Report, and proposed that polytechnics and colleges be able to offer degrees.

The response of key players in the tertiary sector to these policy proposals was, not unexpectedly, very varied. For the most part the polytechnics and colleges of education were well pleased with the proposals. They were given significant autonomy and control over their activities, in sharp contrast to their previously tightly controlled environment. There was also a clear indication that many of these institutions would be better resourced than previously, although there was still some anxiety about the eventual form of the new bulk funding system. Thus the polytechnics, in particular, had genuine control over their individual directions and destinies.

The universities, by contrast, "were decidedly unhappy about the reforms" (Butterworth and Butterworth, 1998, p. 156). They complained about the consultation process which followed the publication of the Hawke Report, and about perceived threats to their autonomy and academic freedom. Two universities, the University of Auckland and the University of Canterbury, even started proceedings for a judicial review of the consultation process, but eventually discontinued them. Such a litigious response to issues not of the universities' liking has littered their reaction to developments in the tertiary sector throughout the 1990s, most especially those concerning moves to establish further universities.

The policy decisions of *Learning for Life* and *Learning for Life Two* were translated into legislation with the passage of the Education Amendment Act (1990). Inevitably, some of the substance and intent of the Hawke Report and the subsequent *Learning for Life* policy documents was watered down in the select committee stages of the Bill, due to the concerted and sometimes bitter opposition of the universities. The end result was "that the universities were among the least reformed of all the education institutions" (*ibid.*, p. 167).

The Education Amendment Act 1990 nevertheless set in place a number of far-reaching reforms to the structure, funding, governance and

management of tertiary education. In particular, it was the section of the Act which dealt with the definitions of institutions which was especially significant from a point of view of differentiation in tertiary education. Having a range of institutional types implied choice for students and the opportunity for people from all backgrounds and experiences to find a means of pursuing post-compulsory education.

Section 162(4) of the Education Amendment Act 1990 defined four kinds of institution: a college of education, a polytechnic, a university, and a *wananga* (Table 1). The characteristics of a university so defined were exactly those proposed by Hawke in his report. Overall, these four definitions would, on paper, suggest a reasonably wide diversity of institutional types and therefore a reasonable choice for potential students, especially when coupled with the provision of private training establishments. However, the reality is somewhat different, with the universities and polytechnics together enrolling around 95% of the sector's equivalent full-time students (EFTS).

Throughout the 1990s, then, the higher education system was essentially served by two types of institution: the university and the polytechnic. During this period the universities were slow to change. By contrast, the polytechnic sector underwent a dramatic transformation. The new legislation gave them autonomy, facilitated by bulk funding, and with it the power to make their own decisions within the context of their new charters. It also gave them the opportunity to offer degrees. These two fundamental changes provided the polytechnics with the power to diversify and compete for students with the universities in a market driven education sector fuelled by the economic ideology introduced by the Labour Governments of the 1980s, and embraced by the subsequent National Governments of the 1990s.

The unforeseen consequences

One of the most significant, but apparently unforeseen, consequences of the policy reforms and legislation passed in 1990 was the speed with which some polytechnics picked up the opportunity to offer degrees. The Education Amendment Act provision allowing polytechnics to offer degrees, albeit only after rigorous approval and accreditation from the New Zealand Qualifications Authority (NZQA), opened the door for polytechnics to compete directly with universities for students. For example, UNITEC Institute of Technology, one of the larger urban polytechnics, offered its first undergraduate degree, the Bachelor of Quantity Surveying, in 1992. By the end of 2001 it was enrolling some 4 000 students in a wide range of bachelors degrees, a further 300 in postgraduate programmes, including the PhD degree. Auckland Institute of Technology (AIT) made a similar rapid transition to degree level education. Seeking equivalence in status to universities through redesignation became

Table 1. **Definitions of a university, a polytechnic, a college of education and a *wananga*: Section 162(4) of the Education Act 1989**

- “4) In recommending to the Governor-General under subsection 2) of this section that a body should be established as a college of education, a polytechnic, a university, or a *wananga*, the Minister shall take into account:
- “a) That universities have all the following characteristics and other tertiary institutions have one or more of those characteristics:
- “i) They are primarily concerned with more advanced learning, the principal aim being to develop intellectual independence.
- “ii) Their research and teaching are closely interdependent and most of their teaching is done by people who are active in advancing knowledge.
- “iii) They meet international standards of research and teaching.
- “iv) They are a repository of knowledge and expertise.
- “v) They accept a role as critic and conscience of society. And
- “b) That:
- “i) A college of education is characterised by teaching and research required for the pre-school, compulsory and post-compulsory sectors of education, and for associated social and educational service roles.
- “ii) A polytechnic is characterised by a wide diversity of continuing education, including vocational training, that contributes to the maintenance, advancement, and dissemination of knowledge and expertise and promotes community learning, and by research, particularly applied and technological research, that aids development.
- “iii) A university is characterised by a wide diversity of teaching and research, especially at a higher level, that maintains, advances, disseminates, and assists the application of, knowledge, develops intellectual independence, and promotes community learning.
- “iv) A *wananga* is characterised by teaching and research that maintains, advances, and disseminates knowledge and develops intellectual independence, and assists the application of knowledge regarding *ahuatanga* Maori (Maori tradition) according to *tikanga* Maori (Maori custom).”

almost inevitable for these institutions as their degree student numbers grew, and as competition in the tertiary education marketplace intensified.

The Act also legally defined the characteristics of a university for the first time. These characteristics are set out in section 162(4)(a) (refer Table 1). While having this legislated definition and that of the other types of tertiary

institution suggests a deliberate attempt to maintain a differentiated system, the wording of the Act actually allowed all four types of institution to have the same core characteristics. This, coupled with deregulation and a high degree of institutional autonomy, inevitably resulted in smaller less prestigious institutions (mainly polytechnics) seeking to gain status by becoming more like those institutions that were perceived to be successful (mainly the universities). The definitions therefore provided a basis from which those institutions could build their cases for redesignation as universities. In fact, UNITEC first announced publicly its ambition to become a university in 1993, followed soon after by a similar announcement by AIT, and later by Wellington Polytechnic.

Wellington Polytechnic merged with Massey University in 1999 to become a campus of that university, and by doing so lost all of its previous distinctiveness as a polytechnic. AIT was formally granted university status by the National Government in late 1999, just months before the 1999 election and change of government. It formally became Auckland University of Technology (AUT) on 1 January 2000.

UNITEC's application for redesignation was submitted to the then National Government in mid-1999, but the change of government in late 1999 meant that its evaluation was overseen by the new Labour Government. This new government was keen to introduce some of its own tertiary education reforms, and to distance itself from the policies of the previous government. In addition the existing universities in New Zealand were bitterly opposed to UNITEC's redesignation, just as they had been for AUT's change of name a year earlier. This resulted in some legal and political manoeuvrings in the early part of 2000, which culminated in the hasty introduction of a bill limiting the number of universities in New Zealand to eight (the existing number). This ill-advised and poorly drafted legislation was never enacted by Parliament, but its introduction was enough to derail UNITEC's application for redesignation just two weeks before it was concluded.

Diversity in New Zealand higher education

Larger polytechnics such as AIT, UNITEC, and Wellington Polytechnic took advantage of the liberating legislation of 1990 to grow in areas that had previously been the exclusive domain of the universities. They therefore inevitably became more like universities. At the same time, the universities expanded to incorporate many of the activities traditionally the domain of the polytechnics. This convergent behaviour mirrors similar trends in many OECD countries, notably Australia (Meek, Goedegebuure, Kivinen and Rinne, 1996; Meek, Huisman and Goedegebuure, 2000), and suggests that the institutional diversity so frequently advocated by the policy makers is not necessarily promoted by the policy they make.

However, the determination of the diversity of a higher education system is not a straightforward matter. It depends on the perspective from which it is considered (Codling, 2001). For example, the diversity of New Zealand higher education institutions of the late 1990s can be considered from three quite different perspectives based on three independent data sets: historical data similar to that utilised by Marginson (1999) for Australian universities; performance data based on published institutional performance measures; and purpose data, based on institutional positioning statements. Each of these approaches is described and illustrated below.

First, New Zealand universities could be grouped on the same general basis that Marginson (1999) described for Australian universities. Marginson's rationale for grouping universities in Australia was largely based on historical distinctions. Using a similar approach, the universities of New Zealand could arguably be subdivided into three groups, as follows:

1. Limestones

[so named because of the dominant limestone architecture of their original buildings, following the convention of Marginson (1999) in naming the groupings of Australian universities such as “sandstones” and “redbricks”] *University of Otago, University of Canterbury, University of Auckland, and Victoria University of Wellington.*

2. Regionals

Massey University, University of Waikato, Lincoln University.

3. Unitechs

Auckland University of Technology.

The diversity suggested by this classification is best considered as that reflecting a general system perspective. Under this classification, the “limestones”, in a similar way to the “sandstones” in Australia, are characterised by their age and history, the primacy given to their research, their relative size, the location of their primary campuses in major cities, and their high proportion of full-time student enrolments. At the other extreme, the “unitechs”, currently represented in New Zealand by AUT (and potentially by UNITEC), are characterised by an overt vocational mission, a long history of skills-based education before redesignation, a high proportion of part-time enrolments, a historical emphasis on teaching and learning, and an inner-city location. Between these extremes are the “regionals”, which like the “new universities” of Marginson's classification, tend to be those universities that are left after the others are more certainly placed in their defining groupings. However, the three “regionals” do have much in common. They each have a relatively short history, a clear research mission, and demonstrate a high degree of conformity to the general pattern of the New Zealand university founded on the traditions of Otago, Auckland, Canterbury and Victoria and, significantly, a perceived desire to be so.

To look more deeply at the differences and similarities between these universities it is necessary to go beyond general and easily perceivable traits of a general system perspective outlined above. With this in mind, some measurable performance indicators of the eight New Zealand universities have been selected and summarised in Table 2. It is important to note that consistent data on New Zealand higher education institutions are extremely difficult to locate, and that the absence of a single reliable source for indicators for individual institutions limits any form of in-depth comparative analysis.

For each indicator of Table 2 the eight universities have been ranked from 1 to 8, where 1 represents the largest and 8 the smallest value for each indicator, with the exception of the student to staff ratio, where 1 represents the university with the smallest ratio, and 8 the university with the largest ratio of students to academic staff. There is no intention that the rankings have a qualitative dimension, although this may be inferred for some of the indicators.

Significantly, there is no clear and distinctive pattern of university groupings that emerges from this analysis. Certainly, on a basis of the indicators used, it is not easy to categorise the New Zealand universities into the three broad groupings of “limestones”, “regionals” and “unitechs” that were outlined from a general system perspective. It must be accepted that these indicators are a somewhat arbitrary selection, and a different selection could produce a different pattern of university similarities and differences. What is important about these indicators and the data presented, however, is that they are reasonably accessible, and therefore represent a view of the universities that is easily and consistently available for interpretation.

A potentially more useful presentation of the data presented in Table 2 is possible if the indicators are grouped together to reflect broader characteristics of New Zealand universities. The eleven indicators can be grouped to reflect five broad characteristics of a university that could help identify institutional diversity. Given that these characteristics are broadly analogous to those used by Ashenden and Milligan (1999) in their analysis of Australian universities, it could be argued that these characteristics reflect a student perspective of diversity. These characteristics and the associated indicators are as follows:

Institutional Size: indicated by total EFTS, and total student numbers. Note that these two characteristics do not have a complementary relationship. For example, the University of Auckland has a very large EFTS enrolment (ranked 1) and a large total student enrolment (ranked 2). In contrast, AUT has a relatively small EFTS enrolment (ranked 6) but a high total student enrolment (ranked 3). Both characteristics impact on student perceptions of size of a university.

Learning Environment: indicated by the percentage of part-time students, and the student-to-academic staff ratio. The percentage of part-time

Table 2. Selected indicators of New Zealand universities

UNIVERSITY	Total EFTS 1999		Total students Nos. 1999		% PT students 1999	% Maoris students 1999	Student EFTS: ac. staff FTE 1999		Operating revenue per EFTS 1999 NZD		Net surplus as % total revenue 1999		% internat. students 1999	External research income 1999 NZD		% postgrad. EFTS 1999	Docs awarded 1999	
Otago ^a	15 214	3	17 113	4	20 6	6.3 6	14.9 1	17 831	2	3.9 4	5.5 3	48.6m	2	18.6 1	142 1			
Canterbury ^a	11 761	5	12 191	7	18 7	5.2 7	19.6 8	11 943	7	4.4 3	3.7 6	12.6m	5	13.6 5	63 3			
Auckland ^a	22 113	1	26 985	2	21 5	7.4 5	16.6 3	15 898	3	1.8 6	3.9 5	65.0m	1	17.6 3	39 6			
Victoria ^a	11 957	4	14 391	5	28 3	7.7 4	19.6 7	13 364	5	12.2 1	3.1 7	7.7m	6	17.8 2	49 4			
Massey ^b	16 749	2	32 041	1	60 1	10.1 2	16.9 4	14 544	4	1.3 8	2.6 8	34.7m	3	n. avail.	69 2			
Waikato ^b	10 527	7	12 483	6	26 4	22.0 1	15.9 2	13 177	6	1.5 7	5.1 4	14.6m	4	15.4 4	48 5			
Lincoln ^b	3 254	8	3 792	8	18 7	3.6 8	17.1 5	18 881	1	2.6 5	14.8 1	4.0m	7	13.2 6	24 7			
AUT ^c	10 983	6	26 319	3	42 2	8.0 3	17.6 6	9 610	8	5.5 2	7.7 2	1.9m	8	2.2 7	0 8			

Note: EFTS: Equivalent full-time students.

- a) Limestones.
- b) Regionals.
- c) Unitechs.

Sources: From University of Otago Annual Report 1999 (University of Otago, 2000).

From University of Canterbury Annual Report 1999 (University of Canterbury, 2000).

From University of Auckland Annual Report 1999 (University of Auckland, 2000).

From Victoria University of Wellington Annual Report 1999 (Victoria University of Wellington, 2000).

From Massey University Annual Report 1999 (Massey University, 2000).

From University of Waikato Annual Report 1999 (University of Waikato, 2000).

From Lincoln University Annual Report 1999 (Lincoln University, 2000).

From Lincoln University Annual Report 1999 (Lincoln University, 2000).

From Education Statistics for NZ, 1998 (Ministry of Education, 1999) (% PT students).

From NZVCC Statistical Collection 2000 (NZVCC, 2001) (International students).

students can be used to indicate the extent to which a university is willing to accommodate non-traditional students who are not able or do not wish to study full-time. It therefore provides a broad indication of a university's approach to learning flexibility. The academic staff to student ratio is one of the most frequently misused performance indicators in higher education. It is also inconsistently derived, with universities having different interpretations of what constitutes an academic staff member. Never the less, it may be used to indicate, in a quantifiable way, the extent to which academic staff may be accessible to students, with a lower ratio suggesting greater accessibility. In these ways, both the percentage of part-time students and the student staff ratio may be used to give a general impression of a university's learning environment.

Cultural diversity: indicated by the percentage of Maori students and the percentage of international students. Cultural diversity could be more accurately represented by the inclusion of data reflecting other ethnic groups. However, Maori enrolments on the one hand have special significance to New Zealand as a reflection of commitment to the principles of the Treaty of Waitangi, and international enrolments, on the other, give a general indication of the extent to which other cultures are present on a university campus. It is worth noting yet again that consistent data on students from ethnic groups other than European, Maori and Pacific Island Polynesian are not readily available in university annual reports.

Financial performance: indicated by the operating revenue per EFTS and the net surplus as a percentage of total operating revenue. These two indicators give different and independent perspectives of a university's financial performance. A high operating revenue per EFTS such as that achieved by Lincoln University (ranked 1) contrasts with this university's net surplus as a percentage of total operating revenue (ranked 5). AUT on the other hand, generated the lowest operating income for 1999, but managed the second largest operating surplus as a percentage of total income.

Research performance: indicated by external research income, the percentage of postgraduate students, and the number of doctorates awarded. The characteristics used to reflect overall research performance are not complementary, and each reflects a different aspect of overall research performance. In 1999, for example, the University of Auckland, has a very high external research income* (ranked 1), a fairly high percentage of postgraduate students (ranked 3), but a relatively low number of doctorates awarded (ranked 6). By contrast, Victoria University

* The high external research incomes of the University of Auckland and the University of Otago reflect the presence of Medical Schools in both of those universities.

has a relatively low external research income (ranked 6) but a high percentage of postgraduate students (ranked 2).

Table 3 presents the consolidation of the eleven indicators of Table 2 into the five characteristics outlined above. This has been done by averaging the rankings of the indicators associated with each characteristic. The result of this simple manipulation is a measure of the impact of each characteristic for each university relative to the other universities.

Table 3. The ranking of New Zealand universities according to five institutional characteristics based on data for the 1999 academic year

UNIVERSITY CHARACTERISTICS				
INSTITUTIONAL SIZE	LEARNING ENVIRONMENT	CULTURAL DIVERSITY	FINANCIAL PERFORMANCE	RESEARCH PERFORMANCE
Massey	Massey	Waikato	Otago	Otago
Auckland	Waikato	AUT	Victoria	Massey
Otago	Otago	Otago	Lincoln	Auckland
Victoria	Auckland	Lincoln	Auckland	Victoria
AUT	AUT	Massey	AUT	Waikato
Canterbury	Victoria	Auckland	Canterbury	Canterbury
Waikato	Lincoln	Victoria	Massey	Lincoln
Lincoln	Canterbury	Canterbury	Waikato	AUT

Source: Authors.

Note that the data utilised for this summary table represent a snapshot of university performance for 1999 only. While it is reasonable to expect most of these data to be consistent in a relative sense from one year to the next, that may not always be the case. This is particularly true for the characteristic “financial performance”, evidenced by the fact that several universities have reported significantly poorer performance during 2000 than in 1999.

The importance of this analysis is not the “league table” ranking of universities but rather their potential to group themselves in a consistent way across the five characteristics. Looking at Table 3, it is possible to say that Otago, Massey and Auckland are larger, research-intensive universities with largely good learning environments. Conversely, Canterbury, Lincoln and AUT are smaller universities characterised by relatively low research performance and restricted learning environments. In between, and less obviously grouped together, are Waikato and Victoria. These groupings of New Zealand’s universities are somewhat different from those previously described using historical data.

A third approach to analysing the differences between New Zealand’s universities is to consider their positioning statements. With this in mind, the missions and values statements of the eight New Zealand universities have

been analysed. The analysis is based on the identification and comparison of key words and phrases from each institution's positioning statement. The underlying assumption is that institutions which have the same or very similar sets of key words and phrases in their positioning statements are likely to be similar kinds of institutions. The converse of this, that institutions which do not have the same range of key words and phrases must be different from one another, is a less reliable assumption, for the reasons outlined below.

First, there is a wide variation in the style and volume of statements written by each university about its position and direction. The universities do not all use the same names for these statements, and it therefore becomes a matter of judgement to decide what to include in the analysis and what to exclude. Only a few universities have a formal values statement, so the values of each university have been extracted from positioning statements wherever they occur. Some statements are succinct and brief, and contain only a few key words that can be extracted for analysis. At an extreme, Massey University does not refer to values at all in its brief published positioning statement. Others are comprehensive and sometimes circumlocutory, and contain a large number of key words and phrases.

Most universities make direct reference to core characteristics such as "knowledge and understanding", "teaching and learning", "research", "scholarship" and "service" as being central to their purposes. It would therefore be reasonable to view these as core characteristics of a university, even though some of these characteristics are not directly referred to by some universities at all. For example, the University of Canterbury and the University of Waikato make no specific reference to "teaching and learning" in their positioning statements, but these are never the less central activities of these institutions.

By contrast, references to "vocational and community education", to "consultancy" as a form of research, and to "service to the professions and trades" are made only by AUT, specific reference to "natural resources" and "sustainability" are made only by Lincoln, and Massey is the only university to emphasise "extramural teaching and learning". This suggests that these universities may be distinctive in each of those particular respects. Clear points of distinction for the other universities are less obvious, and they appear to have more commonality than difference. Variation from one to another is more likely to be a reflection of the inconsistency of the material analysed than it is a reflection of genuine differences between these universities.

When it comes to the values expressed by the universities in their positioning statements a similar pattern arises. Most of the universities make specific reference to "quality and excellence", four refer to "international standing", and a different four to the "Treaty of Waitangi". For the other values, "limestones" such as Canterbury talk of "collegiality", "social commentary",

“ethics”, “academic freedom” and “intellectual rigour”, while Waikato, Lincoln and AUT refer to “accessibility”, “innovation” and “people focus”. Again it must be stressed that the absence of a value in the material analysed does not necessarily mean that the university does not hold that particular value, only that it does not overtly state that it does.

Overall, apart from some obvious specialities, the positioning statements of the eight universities in New Zealand show that these institutions have far more in common than they do points of distinction. The implication is that they all conform, in terms of an overall mission, to those characteristics that are generally recognised as characteristics of a university. Only AUT with its overt vocational focus appears to stand apart to any extent.

Summary

The critical issue in considering these analyses and grouping of New Zealand universities is whether the differences between them are more significant than the similarities, and further, whether it is the differences or the similarities that are increasing with time. The answer to these questions becomes one of perspective.

From a general system perspective, there has been a clear change in diversity over the three broad periods of pre-war *status quo*, 1960-1980 expansion, and the 1990s realignment (Codling, 2001). Before 1990 and the very significant legislative change of that time, New Zealand higher education was in a state of rapid growth in three very well defined and separated sectors, namely the universities, the polytechnics and the colleges of education. The boundaries between each of these sectors were sharp, and they formed a higher education system clearly differentiated by government policy and regulation. Within each sector, however, institutional diversity was very limited.

The colleges of education continued to concentrate on pre-service primary and secondary teacher education. The universities were all developing along the traditional lines of a research-led university, and there was a sameness about the programme profiles in each of them, with the exception of a small amount of government control over the establishment of specialist, high-cost programmes such as medicine, dentistry and veterinary science. The polytechnics were also essentially similar, largely because of the centralised curriculum development of that time, and the absence of virtually any financial independence or academic autonomy.

The contrast between the universities and the polytechnics, as the principal providers of post-secondary education, was particularly evident. The universities had a history and tradition of academic excellence, of teaching the elite (both socially and academically), of academic freedom, of increasing research intensity, and from the early 1960s, of increasing institutional and

financial autonomy. By contrast, the polytechnics had an equally long history, but one marked by the education and training of the less academically able, by centralised curriculum control, by the absence of research, and by very little institutional and financial independence.

The 1990 legislation, and the huge ideological shift towards a market economy, changed all of that. It put the universities and polytechnics on to the same playing field, although this field was sharply tilted in favour of the universities because of their traditional status in New Zealand higher education. Two key components of the 1990 legislation dominated events in the 1990s, first, the definitions of a university, a polytechnic, a college of education and *wananga* contained in Section 162(4), and second, the change allowing polytechnics to offer degrees.

The new definitions of a university, a polytechnic, a college of education and a *wananga* did, in theory, provide for a clear distinction between each of these four types of institution. In practice, however, they did just the opposite. The wording of Section 162, “that universities have all of the following characteristics, and other tertiary institutions have one or more of those characteristics” allows each type of institution to have exactly the same characteristics as a university. For some polytechnics, being allowed to offer degrees made this inevitable.

There is no doubt, therefore, that institutional convergence has occurred as these polytechnics have taken on more and more of the characteristics of universities throughout the 1990s. For polytechnics such as AIT and UNITEC, the transition has been rapid. Both institutions offered their first degrees in 1992, and eight years later both had more than 50% of their students enrolled in degree programmes. With the move to degrees came the complementary development of a research capability and culture for these institutions. It could be argued, then, that these institutions became, in the words of Section 162, “primarily concerned with more advanced learning, the principal aim being to develop intellectual independence” and thus more and more like the universities from which they were distinguished in the legislation.

At the same time as some polytechnics were becoming more like universities, it could also be said that many universities were picking up many of the more applied aspects of education formerly considered the domain of the polytechnics. As the 1990s progressed, most New Zealand universities have become more entrepreneurial, have engaged more directly with industry, and have offered more vocational qualifications. Nowhere is that more evident than in Auckland, where both Massey University and the University of Auckland offer an increasing number of applied programmes in direct competition with the polytechnics and, in the case of teacher education, with the college of education.

It is important to recognise that convergence between institutions traditionally called universities and institutions traditionally called polytechnics has occurred only for a few polytechnics. The vast majority of New Zealand's polytechnics have continued to offer vocational certificate and diploma programmes that meet the needs of their regions. Many have established formal articulation arrangements with a university. In this sense they are closer to the American community college model.

Amongst the universities, the evaluation of institutional diversity is not straightforward. Whether from the general system perspective, looking at broad characteristics, or from a student perspective looking at characteristics based on readily available performance indicators, or from a government perspective looking at positioning statements and values, there is no clear pattern of institutional differences that allows the universities to be distinguished with confidence or consistency. Overall, there is a prevailing impression that New Zealand universities are characterised more by what they have in common than what distinguishes them. Only with the entry of AUT as a new university with a distinctive mission has there been any significant shift in the traditional and conservative pattern of university education, and even AUT has been forced to converge significantly with this traditional model to gain funding parity.

Policy implications

The issue of diversity is probably one of the most important ones to face many higher education systems over the next couple of decades. Earlier this year in Australia, for example, the government commenced a review of higher education which appears to strongly advocate the maintenance of a few well-funded research universities, while "relegating" most of the nation's higher education institutions to a teaching only function.

At a policy level, the issue of diversity is often closely tied to how and at what level institutions are funded. Of course, this also relates to the ideological basis on which higher education systems are planned and co-ordinated. In both Australia and New Zealand, the dominant ideology over the last decade or so has been market steering.

With respect to diversity, past Australian experience has been similar to that in New Zealand in that it appears that uniform policy probably stimulates a degree of uniformity in institutional response, as does market competition where institutions are competing for the same clientele, such as full-fee paying overseas students.

There is a growing body of evidence to suggest that formally regulated and separate policy environments better serve the principles of diversity than market competition. Compared to legislative control, market discipline can be

far more ubiquitous and unvarying. The current New Zealand government seems to have accepted this proposition by seeking to reinforce the boundaries between universities and polytechnics. However in Australia, the government seems to believe that further deregulation can address the past sins of institutional uniformity – an even stronger dose of market competition should do the job, it is believed.

It will be most interesting to observe how these two cases evolve. Will Australia actually be able to achieve the desired level of institutional diversity without erecting boundaries between institutional types? Will the boundaries between universities and polytechnics in New Zealand be able to survive the assault of institutional ambition? Not only will students of higher education policy be interested in the answer to these questions, but also the multiplicity of higher education's various stakeholders, including future students.

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