

Universities: A supply chain for industry?

Introduction

Economic recession and changes to higher education (HE) funding are re-focusing attention on the role of UK universities in cultivating human capital and encouraging policymakers to 'improve the fit' between supply and demand. In February 2012, Sir Tim Wilson published a Review of University-Business Collaboration (hereafter, the Wilson Review). Characterising the relationship, Wilson describes universities as "an integral part of the skills and innovation supply chain to business" and calls for greater collaboration to achieve better integration¹.

According to the Wilson Review, the university-business supply chain is complex, with multiple points of contact where a diverse set of products and services are supplied. It is through enhancing collaboration at each point— rather than re-orienting the whole landscape— that the relationship can be strengthened. Traditionally associated with manufacturing processes, the supply chain describes 'all the activities involved in delivering a product from raw material through to the customer' (Lummus and Vorkurka, 1999: 11). It is an integrated system, requiring a sound understanding of customer needs and an ability to respond flexibly. Supply chain thinking has been applied previously to the service sector (Sengupta, Heiser and Cook, 2006) and HE (Al-Turki et al (2008), O'Brien and Deans (1996)). This paper explores issues raised by greater supply chain integration in the 'skills' arena, arguing that it underplays the role of students and challenges HEIs to extend collaboration in uncomfortable ways, with implications for entrepreneurial universities (Clark, 1998).

Business and skills supply

The Leitch review (HM Treasury, 2006) found major gaps in the skills system and argued for new investment and renewed focus. Critics, notably Keep, (2007a, 2007b) argue that in fact there is no 'skills crisis' but a rough balance between need and supply. For Keep, this reflects failure in business strategy and job design and political unwillingness to make demand-side policy interventions. This leads to a continuing low skill dynamic, inhibiting full utilisation of graduate talent in high skilled jobs (Keep, 2007b).

Wilson approaches similar issues, worrying about the 'absorptive capacity' of industry, and the impact on diversity policies of (some) large corporates use of 'prestige' filters in recruitment. More generally, however, Wilson refocuses on SMEs - who take the majority of graduates - supporting more sandwich courses, work experience in the curriculum and graduate internships. In this respect, Wilson presents a more nuanced and, in relation to corporate recruitment, critical stance of the demand side than the supply chain analogy might suggest.

Students

An 'HE supply chain' positions students as rational consumers, focused on 'return on investment'. Yet a minority of prospective students actively engage with comparative data websites such as

¹ Wilson, T., 2012. A Review of Business-University Collaboration. [online] Available at: <http://www.hefce.ac.uk/media/hefce/content/news/news/2012/wilson.pdf> [Accessed 18 June, 2012].

Unistats² when choosing their courses, and it is unclear whether such data steer or simply confirm decisions (see Roberts and Thompson, 2007; Hazelkorn, 2008). A significant proportion of students never visit their Careers Service, preferring to talk to their subject lecturers, family or peers (Greenbank, 2010); and many dislike decontextualized 'employability modules' (Purcell et al., 2004). Moreover, barely half of all graduate jobs available specify a required discipline³

Although many students would like more support on employability skills⁴ and getting a good job is a key motivator⁵, it is not clear that students want HE radically changed. In National Student Surveys⁶ there is evidence of demand for better organisation and management of courses and higher quality learning resources, but overall levels of satisfaction are very high (81% on average 2011) compared to other UK industries (add ref).

Internationally, a utilitarian turn in course selection is evident, notably the growth of business studies and decline of classical subjects in the US⁷ but not the fine-grained utilitarian calculation assumed. Present students appear to continue to value the 'university of reflection' (Cowan et al., 2009) and future student orientations and subject choice may not fit neatly with a tighter supply chain between business and universities.

Implications for UK HE

First, an integrated system assumes that there are effective collaborative referral mechanisms to ensure that where employer demands cannot be met by one supplier (university), they can be re-routed to another. In reality, such seamless customer management is rare within HEIs, never mind across a highly competitive and status-conscious sector.

Second, very close supply chain relationships can inhibit academic input to course content but are limited to highly regulated industries with high levels of inherent risk (e.g. nuclear power, maritime (see Wilson, 2012: 45)). There are opportunities amongst SME sectors for consortia 'risk pooling'.

Third, HEIs enjoy intangible assets that underpin their special status as authoritative and trustworthy partners that are put at risk in tight relationships with commercial interests (Fugazzotto, 2010). Such assets include academic objectivity and rigour, a perceived commitment to the public good and a

² Page 11, para 47 of 'Understanding the information needs of users of public information about higher education' (August 2010) by Oakleigh Consulting Ltd and Staffordshire University: Available at: <http://www.hefce.ac.uk/pubs/rdreports/2010/rd12_10/rd12_10b.pdf> [Accessed 18 June, 2012]

³ See *Changes in Student Choices and Graduate Employment*, 2010, part of the Universities UK Recession to Recovery Series. Available at <<http://www.universitiesuk.ac.uk/Publications/Documents/ChangesInStudentChoicesAndGraduateEmployment20100907.pdf>> [Accessed 18 June, 2012]

⁴ CBI-NUS Employability Report (May 2011): <http://www.cbi.org.uk/media-centre/press-releases/2011/05/universities-must-embed-employability-skills-in-course-structures-cbi-nus/> [Accessed 18 June, 2012]

⁵ See for example the NUS-HSBC Student Experience Report 2010-2011 at: <<http://www.nus.org.uk/en/campaigns/higher-education/national-student-survey/>> [Accessed 18 June, 2012]

⁶ See National Union of Students analysis of NSS results at: <<http://www.nus.org.uk/en/campaigns/higher-education/national-student-survey/>> [Accessed 18 June, 2012]

⁷ See 'Higher Education and a volatile world economy', presentation by Frances Cairncross to 2012 HEFCE Conference, available at <http://www.hefce.ac.uk/media/hefce/content/news/events/2012/annualconference/FC_speech.pdf> [Accessed 18 June 2012]

'convening' authority with communities. For locally-based HEIs these are important assets, including in student recruitment.

Fourth, a significant challenge for the entrepreneurial university (Clark, 1998) will be reconciling tensions between its external facing 'academic periphery' and 'steering core'. The former is likely to pull hard against greater internal co-ordination (experienced as more 'managerialism') in optimising universities' referral systems, deepening an identified contradiction of 'academic capitalism' (Slaughter and Leslie 1997).

Conclusion

The notion of a tightly integrated HE supply chain is problematic. Greater collaboration and willingness to share employer contacts and jobs, is hard to achieve across a competitive and prestige-conscious sector, particularly when HE policy⁸ promotes competition. Second, the prospects for a tightly integrated business supply chain are constrained by orientations of students, which at present do not sit easily with 'rational consumer' assumptions. Third, cultural 'fit' with business is constrained by the advantages of retaining intangible, reputational assets. Finally, for the entrepreneurial university, Wilson's recommendations imply enhanced management, with potential for greater internal tension. In short, pragmatic application of some supply chain principles may support the Government's aim of making the UK 'the best place in the world for university-industry collaboration' but may not produce a very 'tight fit' compared to many other industries.

Words = 992

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⁸ Department for Business Innovation and Skills, 2011. *Higher Education: Students at the Heart of the System* [online]. CM8122. London: Stationery Office. Available at < <http://c561635.r35.cf2.rackcdn.com/11-944-WP-students-at-heart.pdf> > [Accessed 18 June, 2012]

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Note.

The main author was a contributing member of the Wilson review team. The authors write in a personal capacity and are solely responsible for the arguments advanced.