

REFERENCES

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The University: An Owner's Manual by Henry Rosovsky
(W.W. Norton and Company, New York, 1990), pp. 309, \$US19.95, ISBN 0-393-02782-1.

The Economies of American Universities: Management, Operations, and Fiscal Environment by Stephen A. Hoenack and Eileen L. Collins
(State University of New York Press, Albany, 1990), pp. vi + 285, \$US17.95, ISBN 0-7914-0028-X.

Henry Rosovsky's book is already well known. It will take a secure place among the durable memoirs of university life. Candid, entertaining, shrewd and at the same time well organised and elegantly expressed, it is a model of its kind. Its consistent flavour could be conveyed by quotations selected almost at random — some headings from the section on "Helpful Hints for Academic Administrators" will suffice: "Never be surprised by anything." (p. 246) "Learn the value of being vague." (p. 248) "Consider that no comment is often the most appropriate reply to a question." (p. 252) "Avoid doing anything you would not wish to see published in a newspaper." (p. 252) "Never underestimate the difficulty of changing false beliefs by facts." (p. 259)

Rosovsky was Dean of Harvard's College of Arts and Sciences from 1973 to 1984. He believes in the American university system and in Harvard's role in defining that system. He begins with the observation that America has produced two thirds of the world's best universities and asks "What sector of our economy and society can make a similar statement?" (p. 29) He admits, but brushes aside, as "not now my concern", the fact that the United States is also home to a "large share of the world's worst colleges and universities" but one wonders by the end of the book whether the "market-place" for higher education, a recurring notion in Rosovsky's approach, is such that if it is to allow the best to flourish, it must also be unregulated enough to allow some of the worst to establish their niche.

Rosovsky sets out to write a positive account of the sources of vitality of America's best university achievements. Harvard's traditions, methods, strengths and weaknesses provide rich veins of experience, anecdote and aphorism, and are energetically mined. The virtues of the system are drawn out, even though unvarnished accounts of breakdowns and dysfunctions are a regular feature of the analysis.

Rosovsky's method is to look at the admissions process from the viewpoint of prospective students, both undergraduate and graduate; at staff selection and the issue of tenure from the viewpoints of staff and the university; at the performance of the departmental and faculty system of organisation from the viewpoints of the administration and the scholar; at the performance of the university as a whole in terms of the judgements of the market. It sounds

pragmatic and instrumentalist (like any owner's manual) and to a great extent it is. But there is always a liberal, democratic idealist viewpoint moderating and humanising the analysis. Rosovsky never overstates his case in answering the pessimistic and gloomy accounts of higher education put forward by Bloom, Bennett, Hirsch, Boyer and others. "Modesty and realism concerning the capacities of higher education", he concludes, "do not in any sense imply that our role in determining the quality of society's life is small. We are leaders in the development of ideas and alternatives. We train students in the state of the art while attempting with all energy to change the frontiers of that state." (p. 299)

While Rosovsky, an economic historian, was practising the arts of the university administrator, some of his social science colleagues were attempting to apply their methodologies of economics, econometrics, management and organisation to the achievement of a better understanding of the American university. Stephen Hoenack and Eileen Collins have brought together the fruits of their labours in a volume of papers as remarkable for its heavily qualified conclusions as Rosovsky's is for its spritely optimism.

Rosovsky, I suspect, would be the first to sympathise with Hoenack, Collins and their worthy team. Had he, Rosovsky, written a scholarly contribution, say, on the role of the University in the economic history of America, he would probably have produced fewer conclusions, and fewer readers, than his *Owner's Manual* has done.

It is natural and desirable that social scientists turn their professional attention to the study of their own organisational environment. Already, Peter Drucker has suggested that universities (and hospitals) can be a fertile source of management practices and organising principles for industry and commerce — reversing the more usual assumption that universities have much to learn from large scale, divisionally organised industry.

It must be said, however, that attempts to estimate/apply production functions, cost functions, utility functions, demand functions, input-output analysis, value added analysis, and so on to the university yield little that can be taken as a clear guide to policy formulation and implementation by higher education administrators or their regulators. This is not intended as an adverse reflection on the quality of the work carried out by Hoenack's and Collins' contributors. They are unflagging and ingenious in their applications of best-practice economics and econometrics in attempts to explain the behaviours of higher education institutions and their clients. Often, however, the results are inconclusive and further research and investigation is recommended.

Are there economies of scale in higher education? Analysis of production and cost functions does not provide unequivocal evidence because cost-minimising behaviour cannot be assumed and outputs (of given quality) are not easily measured. Cross-subsidisation from revenue generated by undergraduate enrolments to enhance funds available per student in graduate studies and the research area is widely observed, but does it reflect imperfect information and competition (in the undergraduate studies market); or joint supply in the production functions for teaching and research (and related demand-determined prices); or deliberate choice by legislatures, in the case of public universities, of funding formulae with uniform implicit prices in the knowledge that administrator and faculty preferences (stronger than the legislators' own) for graduate studies and research will at least be dampened if funds have to be generated through formulae geared to undergraduate teaching? The analysis is fertile with hypotheses, but there is no one favoured answer.

Not all contributors to the Hoenack and Collins volume choose to wrestle with the paradigms of their disciplines in the seemingly inhospitable domain of higher education. Balderston, for example, provides a broad and practical survey of research management problems and topics in the university without attempting to explain such matters in terms of management and administration theory.

For Australian education economists and university administrators these two books provide much stimulation and, in the case of Rosovsky, diversion. As the Australian university system continues its migration from British traditions towards the American, books such as these provide useful counters to policies and thinking based on oversimplification and exaggeration. In particular, they indicate: the importance of the private sector as a source of alternative approaches, and funds, in the American tradition; the seriousness of the gap created in Australian education by the abolition of the binary system — a gap filled in America and other countries by the community college and its equivalents; and the heightened importance to Australia of American university traditions because of the influence of American university models in many Asian and South East Asian countries, to which Australian universities must increasingly relate.

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Managing the Non-Profit Organisation Principles and Practices by *Peter Drucker* (Harper Collins, New York, 1990), pp. xiii + 221, \$US22.95, ISBN 0-06-016507.

Peter Drucker has been a prolific and highly respected writer on management, economics, politics and aspects of sociology. Having read and appreciated some of his work it was with a pleasant sense of anticipation that I started on *Managing the Non-Profit Organisation*.

My expectation, reflecting my own biases and experience, was that non-profit organisation would include research organisations, universities, voluntary organisations such as youth groups, and perhaps government departments and agencies — inarguably non-profit organisations. But Drucker defines them as organisations where the product is a changed human being and he eliminates in the preface anything to do with government, on the grounds that the business of government is policy and control. This indicates a clear difference between the way they see things in the USA and the way we see them in Australia, since although policy and control are very much the business of Australian governments, many departments and agencies are also charged with the delivery of service. Whether they achieve this is often arguable, and some of the ideas in the book could profitably be considered by those who manage these groups.

The non-profit organisations used as examples in the book include hospitals, schools and colleges, churches, youth organisations and the American Heart Association. The approach advocated for their management is strictly business-like; the book is filled with discussion of goals, mission statements, markets and strategies, planning for performance and effective decision-making. There are five main parts: The Mission Comes First; Managing for Performance: People