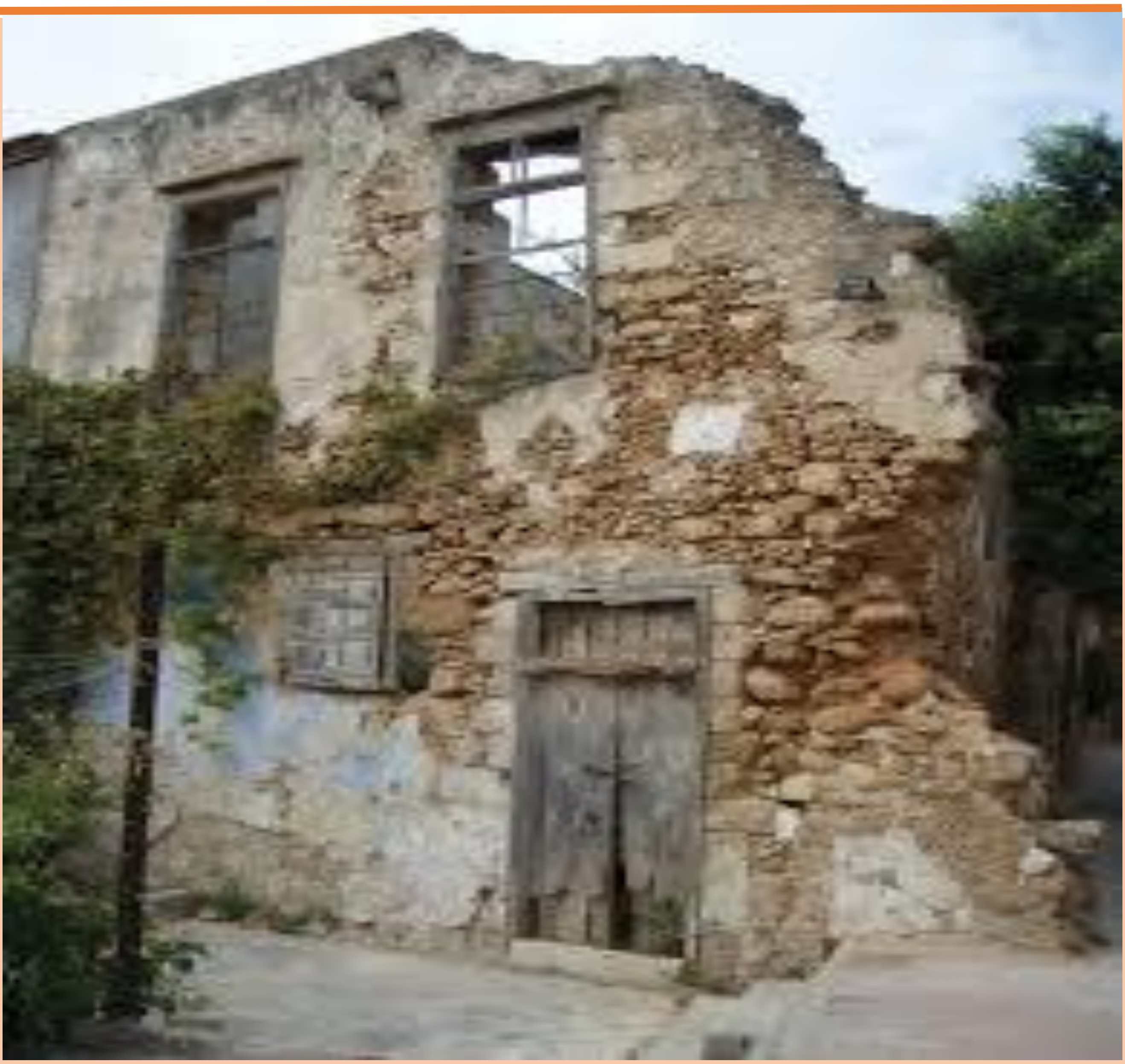

FACTORS IN ORGANIZATIONAL FAILURE

A case study of failed education colleges in Australia

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FACTORS IN ORGANIZATIONAL FAILURE: A CASE STUDY OF FAILED EDUCATION COLLEGES IN AUSTRALIA

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Abstract

Purpose
The paper examines the reasons for the failure of several Australian education colleges in 2015-16. The attributes of high-performance organizations and the warning signs of organizational dysfunction are discussed in this context.

Design/methodology/approach
Multiple case studies are used to identify failure points in several private for-profit Australian colleges in the TAFE and higher education sectors. Data collection methods included in-depth interviews, a ranking scale and a Linear Rating Scale.

Findings
Low-performing colleges are characterized by autocratic management styles, ineffective meetings, micromanagement, little empowerment of staff, fiefdoms, a lack of clarity about workloads and staff working around policies. Ineffectual leaders and managers, opaque communication channels, a disregard for Quality Assurance and little trust invested in employees are also characteristic of these colleges. A failure to recognize 'teaching and learning' as the core business and an inherently anti-intellectual corporate culture created tensions between the Academy and the 'owners' of the colleges and reduced the influence of experienced academic managers.

Research limitations/implications
The focus on a small sample of failed organizations limits the general transferability of the findings to other settings.

Originality/value
This study offers an Australian perspective on the importance of fostering a high performing culture and management styles suited to the Academy in for-profit colleges operating in highly regulated environments. This study also provides managers with a robust framework to identify the harbingers of dysfunction and low performance before a college succumbs to failure.

Keywords
High Performance Organizations, higher education management, regulatory agencies, trust and control, organizational failure

Introduction

Several privately-owned for-profit education colleges in the non-university sector in Australia collapsed in spectacular fashion in 2015-16. These were generally privately-owned colleges that offered business and allied studies through diplomas in vocational education and training [VET] and degrees in higher education [HE]. Each sector has its own government regulator, making post-secondary education highly complex and multi-jurisdictional. Nevertheless, both sectors share a common philosophy concerning Quality Assurance [QA]. As in Europe and North America, Australia's regulators expect providers to pay close attention to QA as an integral oversight mechanism of good governance (Jarvis, 2014; Prisăcariu, 2015). Therefore, providers must manage and appraise their activities against the published standards for the sector (HES, 2017; SRTO, 2015). When a college fails to meet these standards, regulators may instigate punitive measures (see various reports at ASQA, 2017; TEQSA, 2017; ACCCa, 2017).

The collapses of 2015-16 shattered public confidence, particularly in the VET sector (Danckert, 2016). During this period of turmoil, 'legislative loopholes' allowed some colleges to reap millions of dollars in course fees in a very brief period. Consequently, the student loan debt increased from AUD325 million in 2012 to an outrageous amount of AUD3 billion in 2015 (Dodd, 2016) – and all funded by public money. This 'student loans scandal' received on-going media treatment with a sequence of events worthy of a Hollywood movie. There were charges of unacceptable practices where some colleges signed up pensioners and others from low socio-economic backgrounds using 'predatory' marketing practices (ACCC, 2017b). Media reports were replete with stories about a raid by the Federal Police (Drape, 2016), marketers driving Lamborghinis, the antics of 'cowboy' CEOs, and an anti-corruption watchdog inquiring about a former Australian Government

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Minister's role in a college's collapse (Morgan & Verrender, 2016). However, this coverage delved into surface level explanations, highlighting investigations into the 'unconscionable' marketing practices by the Lamborghini-driving rogue marketers as the prime reason for the removal of a college's accreditation and the subsequent collapse of the enterprise (ACCC, 2017b). This explanation appears to provide only part of the story because another high-profile college collapsed in May 2017, leaving 15,000 students and hundreds of staff with uncertain futures (SMH, 2017).

It seems implausible that the direct or indirect 'approval' of unconscionable marketing practices by senior management was the sole failure of corporate governance within the case colleges. This raises a significant but unanswered question:

> *Could the lack of governance and management oversight within a failed college, which allowed rogue marketers to run riot, be symptomatic of other activities in the college?*

At start-up, the colleges possessed the necessary resources for success and, according to a capability-based view of organizations, experienced education managers should have known 'how to do things', supported by organizational 'competencies, routines and capabilities' (Dosi *et al*., 2008). However, history shattered this illusion. While senior managers pointed to unforeseen external events (the rogue marketers) or bureaucratic bungles as likely causes of failure, the reality appears to be closer to home. Most organizations propagate the seeds of failure in their own "structure, procedures and culture" (Probst & Raisch, 2005).

Organizations are complex structures where the behaviours of the 'players' range from calm and reasoned responses to an issue, to those that are erratic, contradictory and sometimes, just illogical. Yet, organizations *per se* are neither schizophrenic nor dysfunctional by nature. Their structure is impartial; it simply carries the behaviours of its players.

No doubt, the colleges set out to succeed, providing their players with signposts and documentation to assist them in navigating their surroundings and the sector. These pointers included Strategic and Business Plans, QA frameworks, and policies, which all work to maintain organizational equilibrium (Simon, 1997). Nevertheless – the case colleges failed. Air crash investigators highlight 'human-induced error' if a plane crashes when the pilots are in full command by calling the flight path "a controlled descent into terrain". The senior managers of the failed colleges resemble doomed airline pilots; that is, all seemed normal until the moment before impact. At some point, it seems likely that senior managers began to pay token agreement to QA issues and the standards. Granted, massive increases in income delivered through the flawed student loan scheme helps explain the sluggish response of college management to the marketing fiasco. Even so, it is possible that even without the feral behaviour of the marketeers, things closer to home may have also induced the collapses.

To unravel this conundrum, this paper explores two elements described in the management literature as highly influential on performance outcomes. Firstly, high performance organizations [HPOs] generally possess a raft of generic attributes that engender superior performance outcomes. Secondly, these same organizations avoid attitudes and practices shown to cause dysfunction. If the colleges were low performing organizations [LPOs] and evidently dysfunctional, their fate might have already been sealed prior to the student loans fiasco. Granted, losing subsidies and access to various student loan schemes devastated the colleges and hastened their collapse. Even so, as LPOs, history suggests that their long-term survival would have been tenuous in the wake of the on-going and increased scrutiny of these colleges that were already on the radar of the regulatory agencies.

Theoretical background

Claude Levi-Strauss' (1963, 1978) work on culture implies that organizations operate simultaneously at surface and deep levels. This nexus helps explain how gaps between principles and practices occur within organizations despite the presence of signs guiding the way and warning of impending disasters. Deep level organizational knowledge conveys the axial principles of an organization. While players implicitly comprehend these hidden rules and tacit knowledge, they are incapable of articulating them in a meaningful way. As Hall (1976) implies, this concealed process works like an "invisible jet stream", registering within players as unconscious motivation. Moreover, social psychology proposes that even rational players do not necessarily comprehend why they do the things they do (Furnham, 2005).

Axial principles define how things *are* or *should be* and, like neural pathways in cognition, this deep-seated knowledge subtly reinforces certain behaviours and values while degrading others. In some instances, knowledge of this type is at odds with the stated intentions of the organization, surfacing periodically to derail plans and projects. Complex cognitive processes also compound the tensions between surface and deep level knowledge because axial principles require little elaboration, according to Michel Foucault (1980). He espouses the complexity of this process, noting that propositions and contradictory discourses at the deep level brace perceived truths on the surface.

The nexus between surface and deep knowledge is articulated in Levi-Strauss' (1978) approach to structural anthropology, where he theorizes about the similarity of cognitive processes across diverse groups bounded by a distinct culture. Binary oppositions are proposed as keys to unlocking the hidden rules and subtle understandings by which cultures function. Levi-Strauss sees the analysis of binary oppositions prevalent in the surface level discourses of a close-knit society revealing meanings beyond the obvious meaning of a binary set. Moreover, connoted meanings implicitly contain a hierarchy of knowledge and values revealed through these binary or structural oppositions (Kronenfeld & Decker, 1979). The connotations of each of these opposites indicate its level of dominance in a discourse. For example, concerning 'leadership and management', at one pole, the comment *most managers are professional* paints one picture of management. At the other pole, a comment like *supervisors don't know much* paints a different picture entirely.

Potential failure points in organizations

Several decades previously, the seminal work of Amati Etzioni (1959) had already identified coordinated pockets of human capital, a linked infrastructure and committed financial resources as necessary preconditions for HPOs, which are usually efficient, productive and profitable over time, even though the focus of their business may change. Following Etzioni's lead, the capability view of HPOs proposes that the players know what to do, how to do it, when to do it and why (Dosi *et al*., 2008). A meta-analysis of the (Western) literature on HPOs pinpoints factors (or attributes) of high performance in these management processes and by implication, potential failure points (AMA, 2007; Bhalla *et al*., 2011; de Waal, 2007; HBS, 2006). These interdependent attributes are listed randomly in Table 1.

Table 1. Attributes of an HPO

Attributes
Agile and flexible thinking by managers and employees
Strong asset bank in human and intellectual capital
Effective leaders and managers with decision-making capabilities
A focus on clients and relationships
Effective systems for acquiring, managing and distributing knowledge
Enterprise Risk Management capabilities
Effective IT infrastructure, software and capable staff (dovetails into 5 above)
Alignment of systems, process and Job Descriptions
Empowerment and trust embedded in employees (with an appropriate balance of control and trust)
Regular environmental scanning
Mission and vision as living documents
Quality Assurance (appropriate controls and aligned processes)
Effective financial controls and processes
Internal fluidity within and between 'departments' and 'sections'
Spirit of teamwork, collaboration, cooperation & boundary spanning embedded across the organization (dovetails into 9 above)
Capacity to change as circumstances dictate
Employees know the core business and their role in achieving outcomes
Effective and transparent communication channels within and across departments

Additional conduits for locating the roots of organizational failure are provided by Jones (2005) and Smith (2012). For Jones (2005), while numerous factors help explain the success of HPOs, LPOs have a smaller number of analogous characteristics. Essentially, these LPOs are ‘dysfunctional in similar way’. They are awash with disruptive internal politics, unproductive meetings, opaque communication channels and haphazard decision-making. Jones (2005) specifically notes direct links between management styles and dysfunction while Smith (2012) observes managers doing “dumb things”. An aversion to change or tackling Wicked Problems reduces performance, especially where inappropriate organizational structures, processes and practices fuel dysfunction (2012: 6). Table 2 presents a précis of 13 prominent warning signs of dysfunction.

Table 2. Warning signs of dysfunction

Warning signs
Autocratic and/or non-inclusive management styles
Lack of empowerment of employees (high central control)
Staff working around policies and processes
Little performance feedback to staff
Organizational Climate Index spiralling downward
People pursuing personal not corporate goals
Inefficient management of resources
Compartmentalised structures and fiefdoms
Little clarity about workloads and responsibilities
Micromanagement of direct reports
Abundance of discussions and ineffective meetings with no decisions
Moving from one crisis to another
Lack of strategic alignment

Organizations on the trajectory described by Smith (2012) are likely to be inefficient and unproductive with a limited life span. If LPOs are bereft of the attributes of high performance and riddled with the signs of dysfunction, then the surface level discourses of the case colleges might reveal fracture points. Given that the case colleges had the signposts and documentation in place at start-up for success, the influence of deep knowledge on the failure path might be apparent in surface level discourse.

The literature also flags the influence of three mutually inclusive configurations of control on a broad range of organizational outcomes (Bleikile *et al*., 2015; Streatfield, 2001). These important configurations encompass:

1. The sorts of leadership and management styles modelled and encouraged (explicitly or implicitly) by senior leaders and managers within the organization
2. The types of mechanisms in place to control processes and employees and the level of trust invested by senior managers in the players at the various levels of the organization
3. The roles of corporate culture and organizational values

Leadership and management styles

Although the functions of leadership and management are complementary within organizations, leadership focuses on change whereas management deals with everyday complexity (Lunenburg, 2011). Thus, in colleges, Board-level officers shape the vision, align human resources to that vision and empower employees to do their jobs. Managers involve themselves with resource planning, organizing, directing people, controlling processes and making decisions for institutional stability (Kotter, 1990). HPOs clearly reap the benefits of managerial strategies based on participation, collaboration and teamwork (Blake & McCanse, 1991; Huselid, 1995; Srivastava *et al*., 2006). In contrast, a centralized top-down directive that over emphasize quantitative measures of success adversely affects performance by enabling dysfunctional practices (Gibb, 2010).

Control mechanisms and trust in employees

Control mechanisms are organizational necessities. Nee (1998) implies that managers walk a fine line, balancing formal and informal mechanisms of control while simultaneously recognizing the requisite technical and human sides of the process. Nee notes that "the informal processes of social control largely subsume the cost of monitoring and enforcement". This arrangement leads to greater performance outcomes when elevated levels of trust are embedded in relationships across an organization because empowered employees execute their responsibilities diligently and with accountability. This trust-control nexus is characteristic in the activities of most HPOs (Hurley, 2006) with the literature also citing the less positive effects of high control mechanisms on work practices combined with low trust invested by management in their employees (Das & Teng, 1998; Jagd, 2010). The consequences of this combination include employee powerlessness, helplessness, and instrumental attachments to their organization. Performance is also impeded by social isolation and cognitive dissonance. Seminal studies support these views (Ashforth, 1989; Blauner, 1964; Tannenbaum, 1962).

LPOs tend to implement overly high and centralized control mechanisms compared to HPOs that develop best practice, which evolves from the experience and capabilities of their employees. This high control, low trust work setting stunts the growth of a 'sharing and caring' work culture and destroys innovation, initiative and entrepreneurialism (Shapira, 2011). Moreover, the combination of high control and low trust is a precursor to the 'nightmare' of dysfunctional managers (Jones, 2005).

While high-control, high-trust settings are appropriate mixes for first responders, a high-control low-trust mix is particularly problematic in education settings like colleges, where collegiality, cooperation and empowerment are essential elements of a healthy culture. Tensions start arising when senior managers adopt a heavy-handed approach and alter "the culture of the institution through centralised steering" (Hénard & Roseveare, 2012). Gibb (2010) also sounds a dire warning for change managers in colleges: strategies implemented in a top-down approach without engagement from the departments fail because people "tend to ignore them". High-trust workplaces with appropriate levels of control remain a mainstay of HPOs (Nooteboom & Six, 2003; Wells & Kipnis, 2001).

Bleikile *et al*. (2015: 879) also isolate important areas where control mechanisms influence performance outcomes, including management styles, workplace rules and the external pressures of regulatory bodies. Inter-organizational social and power relationships and the amount of resources also cast an influence. In LPOs, activities and communications within these domains might provide early warning signs of dysfunction.

Corporate culture

Lou Gerstner of IBM fame suggests corporate culture is not just part of the game - *it is the game!* Many studies reveal the salient links between corporate culture and HPOs (Kotter & Heskett, 1992; Ouchi & Wilkens, 1985; Schneider *et al*., 2013). Corporate culture mediates shared assumptions about important organizational knowledge and worthwhile tasks, which reside at the heart of an organization (Ravasi & Schultz, 2006). In a college environment, this culture would embrace and reflect the ideals of the Academy. Management would ensure these ideals infiltrate a college's systems, structures, processes and relationships, in a setting where teaching and learning is the core business, albeit contained in a sustainable commercial setting.

Table 3 below identifies these recurring ideas in the literature and places them within one of the three configurations discussed above.

Table 3. Recurring ideas characteristic of educational institutions

Configurations of control	Dominant recurring ideas of the Academy	Supporting literature
Leadership & management styles	▪ Inclusivity ▪ Democratic practices ▪ Participatory ▪ Transformative ▪ Concern for people ▪ Culturally sensitive	Bass & Riggio, 2006; Bush & Middlewood, 2013; McCaffery, 2004; Woods, 2005

	▪ Cognizant of diversity ▪ Visionary	
Control mechanisms & trust	▪ Teamwork ▪ Collaborative ▪ Cooperative ▪ Relational ▪ Trust	Fox, 1974; Gurstein, 2011; Hurley, 2006; McCallin, 2001; Nee, 1998; Stevenson *et al*., 2005
Corporate culture	▪ Collegial ▪ Moral ▪ Evidence-based decisions ▪ Scholarship ▪ Critical inquiry ▪ Excellence ▪ Academic freedom	Arvanitakis & Hornsby, 2016; Berube & Berube, 2010; Boyer, 1990

Successful colleges disseminate the above ideals through a vibrant corporate culture, engendering performance in those outcomes that count for colleges. These include positive graduate-centred student outcomes, sustainable and ethical business practices, an achievable business plan and a realistic strategic mission. The creation of a scholarly environment is also a paramount success factor for regulators.

Research methodology

Research questions
The following RQs framed the investigation of the case colleges:

1. Did the styles of the leaders/managers contribute to the failure?
2. Was the balance between trust and control appropriate to an education organization?
3. Did the college's corporate culture engender the values befitting an education organization?
4. Prior to the failure, were any warning signs of dysfunction present?
5. To what level were the attributes of high performance evident in college activities?
6. Were the commercial imperatives of the college braced by the values of the Academy?

Design
Following Pate-Cornell (1993), given the 'death' scenario of the colleges, the design included a 'post-mortem analysis of technical and organizational factors' practices in high reliability organizations. The failure analysis literature provided additional insights (Edmondson, 2005). Working backward from the failure point in an iterative and reflective process, participants in this study reflected on their college's activities over a 24-month period prior to the collapse. A multiple case study complemented the multi-jurisdictional setting (Bennett & Elman, 2006; Bickman & Roj, 2009). A 'replication logic' braced the case design (Yin, 2014), which enhances the generalizability of the findings (Miles *et al*., 2014). The cases consisted of six failed (totally collapsed) and one 'failing' colleges, which fits within Eisenhardt's (1989) recommended size for a multiple case study. The failing college had very significant sanctions in place.

Data gathering
Techniques included in-depth interviews (between 60-90 minutes) and a review of relevant published material. In a precursor activity, eight experienced management academics reviewed and affirmed the generic attributes and signs described earlier in Tables 1 and 2 as reasonable deductions from the literature. In October 2016, the author and a research assistant sifted through publicly available material together with information gleaned from several informants to identify cases where regulatory agencies had formally highlighted their concerns about governance, quality assurance and/or financial issues. Personal contacts, publicly available contact points and the public profiles of stakeholders (for example, LinkedIn, Researchgate, Google Scholar, Home Pages, Annual Reports) helped identify a potential stratified sample with the expertise and first-hand knowledge of their college's failure. These potential 'eyewitnesses' included CEOs, COOs, Executive Deans, Heads, Registrars, Quality Managers, Lead Teachers and the like. Such people, by definition, possessed in-depth knowledge of their college and its sector. Of those invited (n=35), 17 agreed to participate

(five female and 12 male eyewitnesses[3]); two had experience of two case colleges, gained either through employment and/or consultancy work.

The consensus among these expert eyewitnesses has considerable validity (Saaty, 1990). Case study protocols provided the eyewitnesses with a lucid overview of the study and a cogent description of the procedures. Unambiguous and consistently framed stem questions anchored to the RQs bolstered reliability (Yin, 2014). Some open-ended questions also provided anecdotal data about each college. The eyewitnesses responded to these questions from the viewpoint of their formally appointed position in their colleges. Given the problematic nature of eyewitness testimony (Wise & Safer, 2012), an on-going dialogue (on average two 15-minute intensive sessions) established a rapport with each eyewitness prior to the formal interviews.

These sessions revealed that some eyewitnesses were subject to their current employment relationship, Deeds of Release, and/or other legal caveats resulting from their termination and/or voluntary departure from their employer. At least four indicated they were quite apprehensive concerning the possibility that they may be 'caught up' in the legal aftermath of the collapses given their oversight role in the governance. However, the dialogues suggested the eyewitnesses apparently followed college signposts and documentation (indeed, some had warned the appropriate Officers, Boards and/or Committees of an impending disaster due to a failure of academic and/or corporate governance and three had communicated informally with TEQSA and ASQA. Deviating from normal disclosure processes associated with research of this type, 11 participated with an ironclad guarantee of absolute confidentially. Subsequently, all participants received this ironclad guarantee.

Methods of data analysis and procedure

Raw counts of the themes derived from the binary sets revealed the prevalence or otherwise of the attributes of high performance. The number of references to the signs of dysfunction provided additional evidence. Deep level antecedents of surface level knowledge revealed important axial principles. For example, surface statements like *faculty are marginal in decisions making* stem from the axial principle that academics have little experience in the real world of business and therefore, they should not interfere with an owner's commercial prerogatives. Similarly, *allowing staff to work around regulations for a quick result …* stems from a deep-seated belief that governments have no role in telling businesses what to do.

These data were recorded using an electronic template of potential binary oppositions and the signs of dysfunction. The final recording of these data required the concurrence of both researchers during the post-interview debriefs. Almost three quarters of the eyewitnesses did not want their interview recorded on a digital device, which necessitated using the *e*-template for all interviewees. Following the interviews, each eyewitness (12 face-to-face including Skype and five by email) ranked the visibility of the elements in Tables 1 and 2 within their college on a scale of one to seven, where seven represented "generally highly visible/evident across all the college's activities" and one represented "barely visible/evident and/or absent".

Linear Rating Scales

Linear Rating Scales [LRS] are particularly useful for the expedient prioritizing of data that require qualitative judgements (Berrell & Smith, 1996; Mayers *et al*., 2003). In this study, eyewitnesses placed one configuration of control at the 100-point of the scale with the others placed relative to the initial placement. Dividing the total of each individual placement of the configuration by the total of all configuration placed on the LRS produced the relative weights in Table 10.

Results

The interview data revealed 581 unambiguous references to the attributes of high performance across the range of college activities and 307 references to the warning signs of dysfunction. Following Cattell's (1966) Scree Test, a point of discontinuity revealed the bulk of total opinion within each data set. The eyewitnesses framed most attributes in a positive light at various times during the interviews (for example 16 positive mentions of the IT infrastructure, 13 of the college's capacity to scan the environment and 10 concerning isolated pockets of HR excellence). There were 98 positive references of this type. However, when compared to the negative references, the positives paled in comparison (see Table 5).

[3] No analysis was conducted in the responses based on gender.

Table 5. Negative references to the attributes of high performance

Attribute	Number
Effective leaders and managers in decision-making	45
Effective and transparent communication channels …	37
Quality Assurance …	37
Empowerment and trust embedded in employees	31
Employees know core business and their roles	29
Enterprise Risk management capabilities	26
Strong asset bank in human resources	25
Mission and vision as living documents	22
Capacity to change as circumstance dictate	23
Teamwork, collaboration, cooperation …	21
Above attributes represent 61.28% of 483 references to attributes in a negative context	

Table 6 reveals the bulk of opinion concerning the presence of the warning signs of dysfunction within the activities of the college.

Table 6. References to the warning signs of dysfunction

Signs of dysfunction	Number
Autocratic non-inclusive management styles	41
Abundance of discussions and ineffective meetings with no decisions	35
Micromanagement of direct reports	33
Lack of empowerment of employees (high central control)	32
Compartmentalised structures and ‘fiefdoms’	29
Little clarity about workloads and responsibilities	24
Staff working around policies and procedures	22
Above signs represent 70.35% of 307 references to warning signs of dysfunction	

Table 7 contains the overall visibility level of the attributes of high performance within the colleges.

Table 7. Visibility level of the attributes of high performance

Attribute	Ranking*
Effective IT infrastructure, software …	6
Mission and vision as living documents	4
Enterprise Risk management capabilities	4
Effective financial controls and processes	4
Strong asset bank in human resources	4
Alignment of systems, processes and Job Descriptions	4
Regular environmental scanning	4
Quality Assurance …	3
Teamwork, collaboration, cooperation …	3
Capacity to change as circumstance dictate	3
Employees know core business and their roles	3
Effective systems for acquiring, managing and disseminating knowledge	2
Focus on clients and relationships	2
Effective leaders and managers with decision-making capabilities	2
Internal fluidity …	2
Effective and transparent communication channels …	2
Agile and flexible thinking by managers and employees	2
Empowerment and trust embedded in employees	1

* 1=barely visible/evident; 7=highly visible/evident

Table 8 contains the overall visibility level of the warning signs of dysfunction within the colleges.

Table 8. Visibility of the warning signs of dysfunction

Warning signs	Ranking*
Autocratic and/or non-inclusive management styles	7
Lack of empowerment of employees	7
Micromanagement of direct reports	6
Abundance of discussions and ineffective meetings with no decisions	6
Compartmentalised structures and 'fiefdoms'	6
Little clarity about workloads and responsibilities	5
People pursuing personal not corporate goals	4
Inefficient management of resources	4
Moving from one crisis to another	4
Staff working around policies and processes	3
Little performance feedback to staff	3
Organizational Climate Index spiralling downward	3
Lack of strategic alignment	3

* 1=barely visible/evident; 7=highly visible/evident

The eyewitnesses also used the LRS to determine the contributions of each of the configurations of control on the failure path of their college.

Table 9. Contribution of each configuration to college failure

Configurations of control	Placements	Total	Rating
Corporate Culture	1170	4090	.2860
Mechanisms in place to control processes and employees and the level of trust embedded in employees	1380	4090	.3374
Leaders and managers	1540	4090	.3745
			.9979

The contributions of the three configurations to organizational failure were relatively even, not entirely an unexpected outcome given their interdependence as described in the literature. However, glimpses of deep knowledge help explain why colleges seemed to tolerate activities that appeared to breach or contradict various organizational signposts. Corporate culture provides evidence of these links.

In colleges, this culture should embrace and reinforce the values of the Academy. However, the deep knowledge of for-profit education organizations might be at odds with the college's intentions as originally presented to the regulators at the point of initial accreditation. That is, deep knowledge subtly thwarted the surface projection of the values of the Academy. According to the eyewitnesses, tensions of this type surface periodically to derail various plans and projects. Given the higher ranking accorded to the roles of leaders and managers within the colleges combined with a prevalence of employing senior managers with scant knowledge of either college environments or the education sectors, a progressive descent into chaos seemed the most probable scenario.

Several axial principles appeared to subtly influence surface level activity. Ultimately, the complex nature of cognition masked the actual effects on players (cf. Furnham, 2005). Consequently, these influences went undetected. A précis of seven recurring axial principles, together with their unintended consequences, appears in Table 10.

Table 10. Examples of possible axial principles and their unintended consequences

Axial Principles (deep knowledge) or embedded beliefs	Unintended consequences (skews surface knowledge and behaviour)
Academics have little business experience in the real world of business	▪ Faculty marginalized in decision-making ▪ Senior managers with private-sector experience influence most decisions
Our core business is to provide returns to investors and/or owners	▪ Resources committed at minimum levels ▪ Owners and/or shareholders often fully engaged in managing the organization
Private sector business people are experienced in management and decision-making compared to people in the public sector	▪ Managers from private-sector dominate senior level decision-making including academic decisions ▪ Academic Board degraded by number of private sector members ▪ Initiative by academics frowned upon

	▪ Rubber-stamping of important decisions ▪ Below senior level, abundance of discussions, ineffective meetings with little decision-making
Scholarly activity is a cost for which there is no financial return	▪ Scant funding of scholarly activity ▪ Scholarly activity and achievement downplayed ▪ Professional development funds minimal and activities initiated in-house ▪ Critical inquiry diminished
Governments (and regulators) should not dictate to private sector organizations about how to conduct their business	▪ Regulations often seen as something to go around ▪ Staff expediently work around rules and regulations
For-profit organizations require tight managerial and financial controls	▪ Engenders a high-control, low-trust work setting
All college assets need to be evaluated on their ROI	▪ High level of casual, teaching-only faculty ▪ Important academic management functions under-resourced ▪ Academic support services for students minimal

Discussion

All colleges had a solid IT infrastructure and mission statements to guide their activities. These attributes would be essential for commercial organizations in highly competitive environments. However, a holistic overview of the results suggests a combination of many interdependent factors contributed to organizational failure. Nonetheless, the main findings indicate that low-performing colleges on a failure path are likely to have the following attributes in common:

- Leaders and managers with little experience managing in a college environment
- Leaders and managers with little experience of the education sector (outside of posts held in government bodies)
- A prevalence of senior managers whose majority of experience was gained in the failed college
- Ineffectual and opaque systems of communication
- Managers who pay lip service only to Quality Assurance issues
- Workplaces with high-control mechanisms and managers who have little trust invested in their employees
- Employees who neither know the core business of their organization nor understand their roles and responsibilities

In addition, the following signs of dysfunction will be prominent in low-performing colleges:

- A prevalence of managers with autocratic and/or non-inclusive styles
- An abundance of discussions and ineffective meetings[4] with no substantive decisions made
- A reluctance to tackle Wicked Problems facing the college
- The strong tendency for line managers to micromanage their direct reports
- A lack of empowerment felt by employees and little trust embedded in employees by managers
- Compartmentalized structures and 'fiefdoms' rife across the organization
- Little clarity among employees about workloads and responsibilities
- Managers having "favourites" or "pets" among their direct reports (normally a relationship fostered with another person whose main experience was also gained in the failed college)
- A propensity for managers to ignore the advice of direct reports who possess demonstrated experience and a history of success in the sector

Moreover, when the axial principles driving a college are at odds with the values of the Academy, dysfunction and failure are the likely outcomes. The axial principles in the case colleges also created an implicitly anti-academic corporate culture, which effectively degraded the opinion of academics, especially those in academic management positions.

[4] One eyewitness reported attending 23 substantive meetings over a three-week period, partly because decision making highly centralized with no delegation of authority, especially concerning "finance matters".

For privately owned for-profit education providers, a focus on finance issues and ROI is not necessarily the main game. Profits are the by-products of the culmination of all organizational activities. In leading HPOs, the profits seem to look after themselves (cf. HCI, 2017; Johnson, 2017). This outcome is especially likely when senior management accords due attention to the following imperatives:

1. Focus on embedding the attributes of high performance across all organizational activities
2. Be constantly vigilant for any signs of dysfunction
3. Match the configurations of controls with the ideals of the Academy

Conclusion

One element to emerge from the eyewitness accounts was that senior managers (for example, CEOs and Deputy CEOs or those in equivalent positions) within the failed college seemed to be blissfully unaware of either their own or their college's low level of performance. The Dunning-Kruger effect may explain this anomaly.

Expounding on the premise articulated by the social psychologists Justin Kruger and David Dunning (1999), managers of low ability often "suffer from illusory superiority, mistakenly assessing their cognitive ability as greater than it is"[5]. The cognitive ability of such managers renders them unable to recognize their own incompetence or ineffectiveness. This bias bolsters the opinions of second-tier managers with similar biases while simultaneously degrading the opinions of other managers with demonstrable expertise. The 'pets' among the direct reports of the senior managers also bolstered this skewed environment.

Generally, the case study colleges had imported significant numbers of senior managers (including CEOs, Heads of Marketing, HR, IT, Analytics Officers and the like) to the college from private sector candidates. In many instances, anecdotal evidence suggests that over 60% of the senior management of three colleges had little (less than six months) or no experience of the sector. Consequently, these managers possessed minimal knowledge of how the education sector functioned or the nature of work in an educational institution. Yet, somehow without merit, this private sector experience would allow these managers to successfully navigate the environs of the Academy in a short time frame. The exception to this rule was a college's International Department – these departments were generally populated and led by highly experienced managers. Nevertheless, this group generally lost out to the less experienced managers in substantive decision-making.

As indicated above, in the failed colleges, managers who did possess education experience had generally gained this expertise while working in the doomed institution. Experience of this type combined with the Dunning-Kruger effect helps explain the various instances of organizational naivety - allowing the signs of dysfunction to go unchecked and failing to embed the attributes of high performance in college activities. To conclude, according to one eyewitness, the leadership and management of their college was "truly awful; the final script would have done Monty Python proud if it wasn't for the terrible outcomes visited on students, staff, governments and the community - not to mention Australia's reputation for quality in the off-shore market".

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[5] On the other side, adding to the effect, is that experienced managers might act under the impression that what they do is also easy for other people to do.

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