

HIGHER EDUCATION AND THE PUBLIC GOOD

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This Report reflects a Consultation held at St George's House Windsor Castle on 3-4 March 2004. In conjunction with the House, it was jointly sponsored by the Society for Research into Higher Education (SRHE) and The Council for Industry and Higher Education (CIHE). It was generously supported by PricewaterhouseCoopers. The Consultation involved a number of presentations, along with related group discussions. The outcomes of all these aspects of the Consultation are reflected in this Report.

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HIGHER EDUCATION AND THE PUBLIC GOOD

INTRODUCTION

This consultation was promoted conjointly by the Council for Industry and Higher Education (CIHE), the Society for Research into Higher Education (SRHE) and St George's House Windsor Castle (SGH). Each of them came to this endeavour with their particular perspectives:

CIHE to address the broad spectrum of desirable relationship between higher education and business;

SRHE to reflect on the broader philosophical implications and impact of higher education;

SGH to provide the opportunity for people from different backgrounds to come together to reflect on issues of importance for society.

Coming together, the three bodies recognised the need to re-visit the concept and operation of the university and to secure both philosophically and practically ways forward for the good of the sector, individual institutions and society at large. At the same time, they recognised that crucial to the future of higher education is the need of the business community for more better-educated people, not less, and the ability of higher education institutions to release the potential of everyone and set the moral tone for students and society on ethical issues. Thus underlying our conjoint approach to this consultation were the following shared concerns:

- a) Universities must be more vigilant and robust in defence of their key virtues
- b) Universities should pay more attention to the values that shape, and are shaped by, the student experience
- c) Universities should equip people and society with the moral and ethical tools to make informed decisions
- d) Universities' engagement requires greater attention to the more abstract to quantify and evaluate.

The ethical dimension of university engagement and the ethical element in the student experience became of paramount concern in the organisation of this consultation and in addressing the question of higher education and the public good. It was this broader critical reflection on the role of universities and on the relationship of the ethical values of universities and the business world that attracted the interest of PricewaterhouseCoopers, who generously sponsored this consultation.

The current debates in Parliament and the press have understandably focused on the role of higher education in underpinning the economic

development of the UK. They have stressed how graduates earn more and get better jobs and hence should contribute to the cost of higher education. The Lambert Review also focused on economic benefits and the need for universities to work closely with business to further this aim.

But higher education has a deeper fundamental purpose. The student experience should enrich their lives, help them to contribute ethically to society, local communities and to business, and contribute to the creation of a more just and tolerant society. Businesses should welcome this wider role in an age which has seen the likes of Enron, WorldCom and Arthur Andersen.

Of course, this is no new debate. In its essentials it lies at the heart of the differing discourses on the purposes and organisation of universities in differing countries in the nineteenth century; seeking to address it was, in this country in the second half of the twentieth century, a fundamental premise underlying both the Robbins and the Dearing Reports.

But the debate in the first years of this century has been accentuated by the globalisation of higher education, and has been focused and fuelled by the Government's White Paper 'The Future of Higher Education':

'Our higher education system is a great asset, both for individuals and the nation. The skills, creativity, and research developed through higher education are a major factor in our success in creating jobs and in our prosperity. Universities and colleges play a vital role in expanding opportunity and promoting social justice.'

Inevitably, emphasis has been given to the economic benefits for society and the state in supporting an expanded higher education system. Universities have increasingly been seen as vehicles of social change and economic enhancement. But many in the university sector have found this to be a very limited concept of what they believe universities are about and what universities seek to advance in both research and teaching.

The question of the university's role in terms of the public good, and the consequences of that for the concept and construct of both the system and the individual institution lie at the heart of the debate about the future of higher education. A debate no longer restricted to academia, but taken part in by Government and conducted critically and often controversially through the media.

That debate was addressed in the keynote presentations of Professor Brenda Gourley and Rob Cuthbert. Whilst Professor Gourley provided a broad

conceptual overview of the question of what is the public good, Rob Cuthbert explored in more detail the different dimensions on which the public goodness of higher education might be calibrated. In subsequent supporting presentations, Philippa Foster Back considered the link between business ethics and education, and Rosalind Scott examined why business should be concerned to develop ethical standards in universities. Following these presentations the consultation provided ample time for discussion and debate, and summaries of all these different contributions are provided in this report.

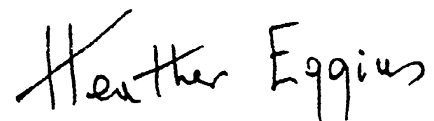
In these ways the consultation addressed the debate about the university's role in terms of the public good, as well as the broader terms of engagement for universities, both individually and collectively, in the current age. As a result, this Report sets out, both philosophically and practically, ways forward for the good of the sector and of individual institutions, and for the good of society and individuals.



Richard A Brown
Chief Executive
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Dr Martin Gaskell
Director of Studies
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Professor Heather Eggins
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List of Attendees

Mr Colin Biggs	Head, HE Consulting, PricewaterhouseCoopers
Dr Peter Briggs	Pro Rector and College Principal, Roehampton University of Surrey
Ms Barbara Blake	Director of Programmes, CIHE
Mr Richard Brown	Chief Executive, CIHE
Prof Robert Cormac	Principal, UHI Millenium Institute
Rob Cuthbert	Deputy Vice-Chancellor, University of the West of England
Prof Heather Eggins	Director, SRHE
Ms Philippa Foster Back	Director. Institute of Business Ethics
Mrs Pat Fulker	Group HR Director, National Grid Transco
Dr Martin Gaskell	Director of Studies, St George's House, Windsor
Prof George Gordon	Professor of Academic Practice, University of Strathclyde
Prof Brenda Gourley	Vice-Chancellor, The Open University
Mr Walter Greaves	Chair of Council, Brunel University
Prof Mary Henkel	Professor Associate, Centre for the Evaluation of Public Policy and Practice (CEPP)
Richard Lewis	Co-Director for Higher Education Research and Information (CHERI) The Open University
Ms Elaine Marron	Graduate Recruitment Manager, PricewaterhouseCoopers
Mr Richard Pearson	Director, Institute of Employment Studies
Lady Pauline Perry	Pro Chancellor, University of Surrey
Ms Judith Powell	Director, Higher Education, Education & Training Group, The British Council
Ms Rosalind Scott	Business Conduct Senior Manager, PricewaterhouseCoopers
Ms Ruth Silver CBE	National Executive, AIESEC
Paul Vivash	Principal, Lewisham College
Sir Patrick Walker	Chairman of Governors, University College Northampton
Prof Dianne Willcocks	Chair of Standing Conference of Principals and principal, York St John College

What is a 'public good' and how could it be decided?

Professor Brenda Gourley, Vice-Chancellor, The Open University

The UK Government's White Paper on 'The Future of Higher Education' considers the output of Higher Education (the skills, knowledge and research developed) to be a public good. This short summary explores how this affects the university and how it could proceed both practically and philosophically, to demonstrate such goodness.

The Association of Commonwealth Universities' book, *The Idea of Engagement - Universities in Society*, emphasises the necessity of universities engaging with the community. The term 'community', however, is not a simple one. It is now common for people to live in areas remote from their work, to be very mobile and to have allegiances in many areas. Indeed the knowledge society is fostering increasing numbers of 'stateless' individuals who migrate to follow work or interest without regard for boundaries. Such individuals have become more dependent on distance providers and e-learning alternatives. The majority of people are, however, not that mobile and do look to their local university.

It is therefore imperative that universities engage with both the local and the wider community if they are to understand, act, and deliver on the 'public good'.

Quoting The Association of Commonwealth Universities' document,

"engagement implies strenuous, thoughtful, argumentative interaction with the non-university world in at least four spheres":

1. Setting Universities' Aims, Purposes and Priorities.

There are very practical ways in which a university can engage people outside the walls of academe in the setting of their aims, purposes and priorities. It is suggested that the process of strategic planning (now more and more informed by a process of scenario building) is a vastly improved exercise if it can encompass the views of as many and varied people as possible. So are many of the internal committees so improved.

In Britain today, where the system has become more expensive and the taxpayer is less and less willing to sustain the cost, engagement is beginning to look more and more like a survival strategy for even the most ordinary of institutions.

2. Relating Teaching and Learning to the Wider World.

It is not just the broad strategic goals of the university that need outside engagement, the very heart of the curriculum is at stake.

The acknowledgment that formal understanding is moving rapidly beyond the borders of disciplines and their locations inside universities has important implications for what the university does, how it constitutes itself and how it makes decisions. It means that the institution must conceive of itself in much broader, cosmopolitan terms. It means also that it is no longer possible to have all that you need to know within the institution. It means enlarging the number of partners and collaborations and making the borders of the institution as porous as possible. It means embracing diversity in all its shapes and forms.

3. Back-and-Forth Dialogue Between Researchers and Practitioners.

University scholars are finding themselves researching what business, government or other agencies are prepared to pay for rather than for what is most needed. The two are by no means exactly the same. Communities' problems and needs should, at least in parts, inform the research agenda of a local university.

University research should inform public policy debates at local, municipal, national and even international level. Universities must give their academics the freedom to make public the issues and encourage and make public the intellectual debate that should inform the politicians and the public at large. This "scholarship of application", it is argued, is vital to demonstrating the universities' credentials of truly engaging with the wider community.

4. Taking on Wider Responsibilities as Neighbours and Citizens.

Universities have a social responsibility to play an active role in the endeavour to make a better, more peaceful and equitable world. The reality is that no institution on its own can undertake all that is necessary to the task, but universities must involve themselves in this endeavour or forever abandon any pretence they may have to educating, in the words of the UNESCO Declaration on Higher Education: "for citizenship and active participation in society, with a worldwide vision, for endogenous capacity building, for the consolidation of human rights, sustainable development, democracy and peace, in a context of justice".

It is concluded that only by active engagement will universities be able to demonstrate their role as being a public good. Further, unless they can be seen to visibly engage and contribute to the societies that sustain them, they will continue to have difficulty not only in loosening the purse strings, but in any claim to moral authority.

Higher Education: Free for All?

Rob Cuthbert, Pro Vice-Chancellor, UWE

This presentation explores and re-presents various perspectives on higher education as a public good, identifying several dimensions on which the 'public goodness' of higher education might be calibrated. These dimensions demonstrated how multifaceted higher education as a public good could be.

Economic perspectives on Higher Education as a public good

In this, as in all things, economists do not agree. The private rate of return continues at a high level despite higher education expansion; yet, a high social rate of return suggests, other things being equal, that the market alone might not generate a 'socially efficient' volume of higher education.

Social, cultural and political perspectives on the public goodness of Higher Education

Public goods are, by the economists' definition, supported by public funding rather than through the market. Equally, the decision to supply the public good is a decision made by government, or some other public body, and not by a private organisation seeking to meet market demand. The value of higher education in terms of public goodness is a strong theme of current policy debate worldwide.

Reconstructing the 'Public Goodness' of Higher Education

The post-1992 expansion of the university sector ended for good the pretence that there is only one kind of 'proper' university; but the sector is still coming to terms with this increased diversity. There has been a shift within and beyond the sector from high to low congruity. The introduction of higher fees and government's emphasis on diversity of the student body in every institution, rather than in the sector as a whole, can only accentuate the trend to lower goal congruity, both within and between institutions.

Higher education, public and private good, and public goodness

Ideas about the public good vary, but it is helpful to distinguish between the economic concept of a public good and the more diffuse idea of 'public goodness' which underlies many discussions about higher education's social contribution. A pure public good is supposedly one which is publicly provided because market forces will not deliver a 'socially efficient' level of supply. Higher education, perversely, might offer a counter-example in which political failure to deliver sufficient well-funded higher education is leading to a market solution. However, this might be more prosaically interpreted as

evidence of the irredeemably hybrid nature of higher education which has some characteristics of a public good, contributes to public goodness, but also has some of the characteristics of a private good.

For such a hybrid, there will always be different possible mixes of public and user support, and the UK fees debate might simply be no more than a slight shift along this spectrum. However any shift towards user-supported higher education inevitably means a strengthening of market forces, and this may have unintended consequences. A move too far may jeopardise the transmission of a common culture of social responsibility and public service, with damaging implications for the public services and the professions in particular. The ability of the university to provide a disinterested voice in monitoring the workings of a democratic society might also be weakened. Against this view we might argue that market forces and private universities might be more effective defenders of the traditional idea of the university.

As the balance in the support of higher education shifts from public user, so the balance of regulation in principle should shift from political choice to market choice – more individuals choose for themselves how to engage with higher education and therefore collectively how the public goodness of higher education will be realised. Any attempt to override that logic might be deemed unstable if not unworkable, and it appears that the current UK government policy on fees and fair access will bear out that hypothesis.

Wider divergence of views about the value and purposes of higher education is a predictable consequence of the move from élite to mass higher education. It is not inevitable that élite systems emphasise traditional ivory tower views of the role of the university; in developing countries there is often a dominant emphasis on the institutional service role of the university. This goes against the ostensible trend in some western countries toward the “entrepreneurial university”, which can be seen as a creature of the privatisation of knowledge and may even be a force for the erosion of public goodness as a defining feature of higher education.

If higher education is a hybrid of public and private good and public and private goodness, then it is impossible to sustain the argument that higher education should be free for all. It is not now, nor has it ever been so. But if the pendulum swings too far from treating higher education as a public good, then market forces and market choices predominate, and at the institutional and system level there would be a free-for-all which could have damaging social consequences. I conclude by retreating to two traditional academic attitudes. First, higher education is a good thing, and its qualities as a public good should be protected. And second, while the fees ‘experiment’ might not be exactly what most of us would choose, more research is needed!

Link between Business Ethics & Education

Philippa Foster Back, Director, Institute of Business Ethics

Companies can no longer rely on new entrants into the workforce knowing how to demonstrate implicit behaviour and behave as the company or organisation might wish. This is not an issue about graduate entrants but all entrants into the workforce whatever age. People pick up the culture and behaviours of those they mix with – family, friends, and colleagues. So, as someone joins a new organisation, it behoves that organisation, as part of the general induction process, to train people in the 'way business/work is done here'. What are our values and how do we work. This begins to make the expectations of levels of behaviour explicit.

The need for explicit understanding is underlined by looking at the many examples of corporate failure where oftentimes it is due to the unacceptable behaviour (for whatever reason, usually individual greed) that has led to the company's loss of reputation or ultimately, as say in Barings and Enron, its collapse.

There are many examples both new and old:
WorldCom; Tyco; Andersens; Maxwell etc.

What is lost is reputation and trust. So the best way to guard against this is to create a culture based on consistent conduct by employees. That means consistent standards towards customers, suppliers, and everyone they work with. Giving people a framework within which to work is easier for them and the company. This framework is typically a code of business ethics, business principles, conduct – there are a variety of names but essentially it is a guide to staff about how they should react, or behave given the day-to-day dilemmas that they may find they have to face. Allied to this is the tone set from the top. The examples of behaviour that other may emulate. It encompasses the training and embedding of the message that helps to maintain good corporate behaviour.

Generating good behaviour is not the sole responsibility of the workplace – it is the family and education process too. Most would say – and I suggest certainly all those in this room – would claim they learnt their core values, the tenets by which they behave, from their family, reinforced by the education they were given.

Higher Education institutions have always had a role to play in preparing young people for their future careers. Today's young people have an acute sense of the key environmental and social issues and are more questioning of business and its behaviour. They need the tools to do this effectively, which

include an understanding of how business is undertaken in the context of the pressures of making a sustainable, or durable level of profit – which is still the ultimate aim of a company. So I would suggest that higher education should embrace the teaching of business ethics. Some have – in their MBA programmes – though many only include it as an elective. It needs to be mainstream in order to create better future managers to run our organisations, as certainly not all MBA students move into business, but also contribute to other sectors.

At the Institute of Business Ethics (IBE) we have developed part of our website jointly with the UK Chapter of the European Business Ethics Network (EBEN) as a resource for academics. We hold student competitions for under graduates and post graduates, again with, EBEN UK, and the Association of MBAs (AMBA) have just joined the Institute seeking assistance in how to get business ethics mainstream for their accreditation criteria of MBA courses.

So IBE firmly supports this dialogue and the work of CIHE and looks forward to participating in a future project that will develop this important initiative (as noted in the Recommendations section).

PricewaterhouseCoopers: a Business Perspective

Rosalind Scott, Business Conduct Senior Manager,
PricewaterhouseCoopers

Why should business be concerned to develop ethical standards in universities?

PricewaterhouseCoopers ("PwC") is regulated by the Institute of Chartered Accountants in England and Wales (ICAEW) for audit services and the Financial Services Authority (FSA) for investment business. All partners and staff are required to comply with the ICAEW ethical guidelines in the conduct of PwC's business or when otherwise representing PwC, and when using PwC's facilities or equipment. PwC is also subject to ICAEW disciplinary procedures.

Professionalism means amongst other things, that we conduct our work and professional relationships in accordance with five fundamental principles laid down by the ICAEW. In summary these are: integrity, objectivity, competence, performance and courtesy.

PwC implements these principles with additional requirements arising from PwC's global guidelines and other internal policies. These include the firm's Code of Conduct which is a useful tool when discussing within the firm what behaviours are permitted.

Following several well publicised corporate collapses, it is now self-evident that any firm must adhere to ethical guidelines to help protect its reputation. A business will also want to recruit graduates who have a base level understanding of ethical standards.

What is unclear is how you teach ethics. Studying ethics as an academic subject may not be the answer because what we are looking for is not knowledge, but personal qualities that give an individual the strength and courage to stand up for what they believe to be right. Community service or citizenship training may be one possible answer.

What are the challenges that PricewaterhouseCoopers is facing in this area and what is the firm doing to try and be a good corporate citizen?

Improving the diversity of our workforce is a business priority. Our primary focus has to be the acquisition and retention of the 'best minds' to meet our clients' needs and drive forward our business. Our staff comprise many diverse backgrounds which widens the pool of talent and makes good

business sense. To try and improve the diversity of our workforce PwC has various initiatives in place.

One of the key focus areas of our Community Affairs activities is to help prevent the social exclusion of young people in the local multi-cultural communities where we have a presence. Volunteering in inner city schools is organised for our employees by the firm. In addition, the firm supports voluntary organisations with which our staff have involvement and provides opportunities for staff development through volunteering initiatives.

The majority of new graduates want to work for a socially responsible employer which acts as an additional spur to firms to ensure that corporate responsibility is real. As a service business we have a relatively small ecological 'footprint' compared with many companies. However the firm takes the matter seriously with targets for the reduction of energy consumption and recycling programmes throughout the UK.

The firm's stance on corporate citizenship is included in our Code of Conduct: The way we do business which was developed by partners and staff from PwC member firms in several countries and has been adopted globally. The Code of Conduct is available on our intranet, external web-site and as a pocket-size booklet. The following section offers some extracts.

Footnote: The opinions expressed are those of the author and not those of the firm.

Extracts from PricewaterhouseCoopers Code of Conduct *The way we do business*

Respecting others

- We treat our colleagues, clients and others with whom we do business with respect, dignity, fairness and courtesy.
- We take pride in the diversity of our workforce and view it as a competitive advantage to be nurtured and expanded.
- We are committed to maintaining a work environment that is free from discrimination or harassment.
- We try to balance work and private life and help others to do the same.
- We invest in the ongoing enhancement of our skills and abilities.
- We provide a safe working environment for our people.

Corporate Citizenship

- We express support for fundamental human rights and avoid participating in business activities that abuse human rights.
- We act in a socially responsible manner, within the laws, customs and traditions of the countries in which we operate, and contribute in a responsible manner to the development of communities.
- We aspire to act in a manner that minimises the detrimental environmental impacts of our business operations.
- We encourage the support of charitable, educational and community service activities.
- We are committed to supporting international and local efforts to eliminate corruption and financial crime.

Framework for Ethical Decision Making

As a guide in deciding on a course of action, follow these steps and ask yourself these questions:

1) Recognise the Event, Decision or Issue

- Are you being asked to do something that you think might be wrong?
- Are you aware of potentially illegal or unethical conduct on the part of others at PwC or a client?
- Are you trying to make a decision and are unsure about the ethical course of action?

2) Think Before You Act

- Summarise and clarify your issue
- Ask yourself, why the dilemma?
- Consider the options and consequences
- Consider who may be affected
- Consult others

3) Decide on a Course of Action

- Determine your responsibility
- Review all the relevant facts and information
- Refer to applicable PwC policies or professional standards
- Assess the risks and how you could reduce them
- Contemplate the best course of action
- Consult others

4) Test Your Decision

- Review the "Ethics Questions to Consider"
- Apply PwC's values to your decision
- Make sure you have considered PwC policies, laws and professional standards
- Consult others – enlist their opinion of your planned action

5) Proceed With Confidence

- Communicate decision and rationale to stakeholders
- Reflect upon what was learned
- Share your success stories with others

Summary of questions to consider

1. Is it against PwC or professional standards?
2. Does it feel right?
3. Is it legal?
4. Will it reflect negatively on you or PwC?
5. Who else could be affected by this (others in PwC, clients, you, etc.)?
6. Would you be embarrassed if others knew you took this course of action?
7. Is there an alternative action that does not pose an ethical conflict?
8. How would it look in the newspapers?
9. What would a reasonable person think?
10. Can you sleep at night?

The issues raised in the sub-groups

Summarised by
Richard Brown, Dianne Willcox, Ruth Silver, Barbara Blake

The university and higher education college of the 21st century appears to be gravitating towards utility and instrumentalism as a result of a number of factors:

- Mass higher education can too easily militate against a deepening of the learning experience through a curriculum that fails to make space for discussions on ethical and social issues.
- Intensive accountability regimes which, arguably, take a restricted view of quality outcomes, value for money and learning enhancement can also be a constraint.
- There is a potential danger that the traditional freedom to contest and challenge may be put at risk by new forms of partnerships and compacts - including with quasi-regulatory bodies - that bind universities and colleges.
- Materialism and material hardship affect student aspirations and can lead to a focus on degree classification at the expense of the wider learning experience.
- To what extent is an academic culture of wider engagement in societal issues affordable in these challenging times?
- Should we revisit the contract between the learner and a higher education institution and make an ethical stance part of the reciprocal deal?

Different higher education providers might address the question in new and innovative ways linked to their unique histories, resources, scale and the various pressures upon them. But there are common issues that have to be addressed. How in a knowledge rich age can we find space to consider not just aspects of social and economic well-being but also the essential critical thought, commentary and challenge to political and philosophical debate in every dimension of public life?

A significant difficulty for the modern university is the risk of taking risks. Leaders, students and the wider society have a low tolerance for failure or for reputational shifts in institutions. Equally, will the wise student also be courageous? Should we be encouraging a transformative experience as the prerogative of every student - as opposed to a kind of socialising down to some prescribed formula? There is a need to blend the materialistic with the altruistic and to engage students, staff and the wider society in a dialogue.

There are various positive stimuli encouraging change:

- Many businesses and public sector organisations now seek ethically literate graduates and partners. They are often building on traditional values held by the voluntary sector in the ways they seek to address a variety of stakeholders.
- Citizenship development is being encouraged through the schools curriculum.
- There is an increasing recognition that creativity is generated from a diverse community; that different experiences and learning trajectories enhance the value of organisations and offer wider contributions for the public good.

Significant barriers, however, may need to be addressed. For example,

- Should we accept a funding regime that rewards outcomes that may have neglected both the social and community aspects of learning and the capacity of institutions to grow tomorrow's leaders and grand public figures?
- Do the relations with Governments inhibit academics from speaking out authoritatively and responsibly from a position of protected freedoms?
- Should we not challenge the negative shift within higher education from a community ethos which is value led to a series of narrow transactional interactions between institutions and their partners?
- Have we neglected the Dearing social compact, ignored the potential for an in-depth dialogue with employers and failed to challenge the restricted definition of what a higher education institution and a higher education experience should consist of?
- Have we accepted short-term interventions and incrementalism and a striving for survival rather than seeking and struggling for a future vision that places higher education at the forefront of a deep concern for society?

The tools and the intellectual capital are available to us within academe for a significant act of re-engagement. Perhaps we might rethink our missions and associated agenda setting via balanced scorecard principles, and secure a new social contract for the sector that will benefit both staff, students, the institutions and the wider society. In this way the historic role of the sector can be recaptured for the modern era and its associated challenges.

It must be of the essence of the higher education experience that the development of analytical thought and criticality embodies an awareness of ethical issues. Consideration of ethical issues should not just be a bolt-on option. It should be embedded in all courses. The Higher Education Academy has a role to play as does the Leadership Foundation for Higher Education.

Tomorrow's leaders need moral authority as well as global awareness.

Equally, higher education itself has a role as the servant and critic of society and a voice with moral authority. It should play an active role in the external debates of our time and provide an evidenced and informed point of view.

It is perhaps surprising that business rather than higher education has taken the moral high ground in terms of its attention to developing and applying codes of ethics. Our recommendations seek to build on good practice that is being developed elsewhere, as well as across the sector, and provide some practical pointers for future action.

Some Final Reflections

Richard A Brown, Chief Executive CIHE

In our discussions at St George's House, we concluded that universities and colleges are undoubtedly a public good. They do not just exist to help young students get better jobs with higher pay. They can be the critical conscience of society and the repository of a moral authority based on evidence and analysis. They enshrine certain fundamental values: of freedom of enquiry and expression; of tolerance and mutual respect; of impassioned debate in a search for truths and making sense of the patter of tiny facts. They can be communities of like minded scholars – even when separated by time and space – while developing questioning, free-thinking individuals. They are great social levellers and offer the way for many at different times in their lives to realise a potential that otherwise would lie hidden and wasted. They should assert their claims, concerns and evidence on issues where other more strident voices can all too often dominate the public debate.

As they develop, disseminate and apply knowledge they do so in ways that are both disinterested and impartial on the one hand but also interested and influenced by a myriad of pressures on the other. They are deeply implicated in the evolution of their societies and the economic performance of the communities in which they reside. They are expected to have a global awareness and address major issues such as AIDS, poverty and personal freedom. To command public respect and in particular public funding, institutions have to be "relevant" and engage with the learning needs of their nations and communities. Engagement has thus become a necessary core value of an institution (as the work by the Association of Commonwealth Universities has compellingly argued) not just a third-leg add-on.

But there are tensions between academic autonomy, freedom and the defence of certain fundamental values on the one hand and active engagement on the other. As Professor Brenda Gourley notes, in South Africa universities played a moral role in opposing apartheid rather than engaging with it. For any university or college, the more instrumental it becomes in meeting short term economic needs (for more nurses, teachers or plumbers) or the more it becomes obsessed with maximising its spin-out of research (irrespective of the wider benefits), the more it could forget the values that should distinguish it from a private sector training organisation or research laboratory. So engagement is not an end in itself; it has to be part of a means to a greater purpose. This implies institutions having underlying sets of values and codes of ethics that supports their mission and aims.

Equally, (to develop what one of our Trustees, Sir David Watson, has noted) distinctions have to be made between *conserving* values that have met the test of time, *restoring* those (perhaps such as collective responsibility and intellectual leadership on major societal issues) that have fallen into

abeyance and *innovating* to meet society's need for better leaders and more innovating entrepreneurs. Universities and colleges have to define their own priorities and approach while operating within an agreed set of system values that hopefully will transcend national and local interests.

If one of the defining characteristics of a university is that it is aware of, and interacts with this shifting ground of inherited and evolving values, then surely it must also raise the awareness of students of all ages on these issues; of the moral and ethical dilemmas that are faced everyday in all professions and all walks of life. This should surely be intrinsic to the higher education experience. It should not be a bolt-on option. The UK needs students and graduates to make a greater and fulfilling contribution to the development of more caring, equitable and just societies around the globe. It needs to produce leaders with moral authority as well as global awareness. Similarly if higher education institutions are to be the conscience of society, their leaders have to be seen and heard.

Higher education institutions are better placed than other learning organisations to achieve this. The experience of higher education opens the mind. For many, it is experienced at a crucial time in their lives when they are forming their views and their values; when they are learning how to apply their minds to constructively question received assumptions, and appreciating and hopefully valuing cultural, religious and humanistic diversity and values.

However, just to encourage critical thinking and the valuing of diversity and tolerance is surely not enough. Higher education has to remind students that there are certain fundamental values that lie deep within all civilised societies and that should be particularly valued in our own multi-cultural society. So if as a society we believe in freedom of thought, of enquiry and of expression, then academics and academic institutions have to show that in the way they operate and the messages they send out. If as a society we believe in equality of opportunity, then universities and colleges have to demonstrate that in their actions, in their recruitment and promotion policies and practices. If we believe in the rights of individuals and in creating a more civilising society, then our centres of learning have to demonstrate how they preserve, enhance, reformulate and (in some countries) even re-find democratic values, free enquiry and debate. If we value communities and tolerance, then higher education has to show how it is a community of learners offering mutual help, support and guidance as a core value – including to those from families who have no history of experiencing higher education.

Universities and colleges transmit their glories, their knowledge and their fundamental values to generations who pass through them, return to them and are enriched as a result. They share, evolve and interact with the societies in which they reside and are responsive to a wide range of partners.

They have to engage these partners in the defence of their values and their integrity.

One way to achieve this is through each partner transmitting and reinforcing the messages received from the others. All organisations should send the signal that they value openness (e.g. with their shareholders and the communities where they operate); freedom of enquiry and receptiveness to new ideas; equality of opportunity; the welcoming of individual expression and a sense of community and mutuality where everyone is valued and helped to realise their potential without glass ceilings, barriers of class or closed shops. Recruitment policies should demonstrate an awareness of the diverse experiences and strengths of graduates and non-graduates from a range of backgrounds and institutions; just to recruit from a limited number of fashionable universities should surely be rejected as unethical – we need to find alternative ways of sifting applications; recruiting on the basis solely of assumed IQ (from those few universities or on A-level scores) could signal a rejection of the emotional intelligence that is a key criteria for subsequent promotion and successful leadership.

The Institute of Business Ethics has shown that there is a correlation between successful businesses and those who both have and implement ethical codes. So it makes long-term business sense to be committed to corporate social responsibility and to be sending messages on its importance to inform the whole education experience.

There is much good practice in the voluntary and business sectors that could be relevant to universities and colleges. CIHE will work with the sector and with others to help evolve the good practice that exists. Our aim is to uphold the integrity of higher education in the UK and help it hold the moral high-ground that it is in danger of vacating under mounting pressures from those who have other, usually shorter-term, agenda to pursue.

Our Recommendations

Our recommendations have regard to the issues summarised above. They seek to encourage all institutions and businesses to work together so that everyone in higher education is exposed to the inherited but also ever evolving fundamental values that are a defining characteristic of a higher education institution.

We recommend:

- *All universities and colleges should involve their staff in developing and applying codes of ethics that are publicly on show; they should conduct regular reviews on their implementation. The Leadership Foundation for Higher Education should facilitate learning opportunities in this area.*
- *The Council for Industry and Higher Education (CIHE) should work with the Institute of Business Ethics (IBE), Universities UK and SCOP to collate information on existing codes, see how they might be evolved to reflect good practice in other sectors and how generic codes might more generally be made available.*
- *All universities and colleges should seek to help students recognise the ethical issues that underlie all their courses, raise awareness of comparative and applied ethics and offer a reference point that is based on our multicultural UK society. The Academy for Teaching and Learning should assist these developments.*
- *All business schools should cover the ethical dimension of business issues in all MBA programmes. The Association of MBAs should only grant recognition on this basis.*
- *Graduate recruiters should have and apply relevant codes of ethics. The basic codes from the Association of Graduate Recruiters (AGR) might seek to ensure that recruitment is not biased towards individuals from particular institutions or social classes but is based on merit. CIHE and IES should research good practice in this area.*
- *Employers should signal the importance they attach to graduates having a rounded set of capabilities developed both within the curriculum and outside and including an ethical awareness of issues; they should help students develop such an ethical awareness and work related skills including through placements and business case studies.*
- *Universities and colleges should help their students identify how far the capabilities and qualities that employers seek are likely to be developed in the curriculum and how far they need to be developed in other ways.*
- *Students should be able to demonstrate an awareness of ethical issues at job interviews and student bodies should help them develop such awareness with support from their institution.*

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