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# MetaCapitalism and the Politics of the New Academy

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## **Abstract**

The salvatory promise of immortality is equally seductive let alone dominant in our personal and professional lives alike. The promise of an institution's global successful salvation is no different to the promise of humans' salvation. It has been the most revered ideal over the ages and religions promise to deliver such salvation. Consulting firms are no different, as they represent the modern religious experience to institutions, private and public alike. The prophets of consulting have been invoking such feelings of 'awe' with their 'symbols', like: Business Process Reengineering, Best Practice and so on, in rituals, such as: MetaCapitalism, engaged in by their community of believers, that is: their consulting clients. Universities are no exception in being lured by such rituals, given their role shift from being publicly funded with long-term socio-cultural interests to being privately funded, and thus hijacked by short-term market interests. The paradox of a University as enterprise or 'academy' is at the heart of this discussion about the politics of the new academy. These politics manifest themselves in the new role of educational institutions as owners of capital with their new elite of self-perceived highly-paid "business executives", who are in a perpetual power struggle to subjugate their intellectual capital; their staff. The problems associated with intellectual capital valuation and ownership subjugation ultimately brings to bear on the students. They have a global expectation that is rooted in the rhetorical promises of these business "executives" which do not correspond to the "localised" learning culture and "national" identity that is inseparable from the teachers. Scale economies in producing graduates who are specifically cloned for particular industries is also another source of this crisis in the tertiary educational system. The succumbing of Universities to the business community agenda in order to complement the balance from decreased public funding, resulted in a perceived loss of their credibility as independent pillars of free speech and ideas in society. Contrary to the MetaCapitalist cult predictions, the Market did not reward the firms that adopted MetaCapitalist change policies, but rather obliterated their structures to only force them into bankruptcy, such as with the current global corporate collapses of Enron and Kmart and the airline crisis worldwide. Would then Universities comparable MetaCapitalist strategic changes attract the same fate.

## **Keywords**

academy, politics, metacapitalism

## **Disciplines**

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# MetaCapitalism and the Politics of the New Academy[1]

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## Abstract

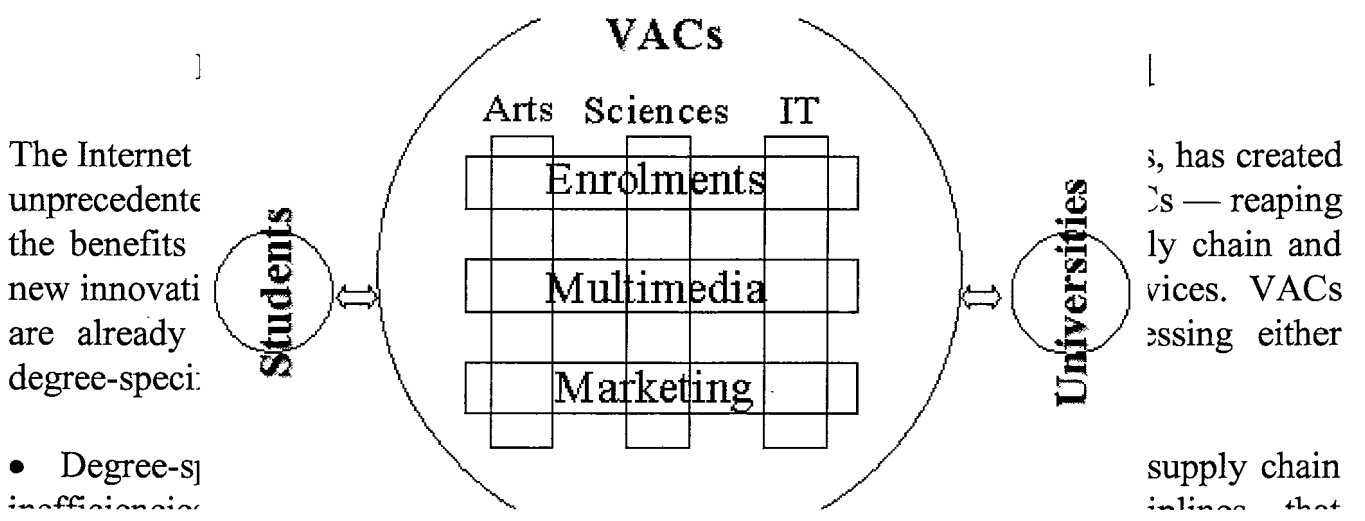
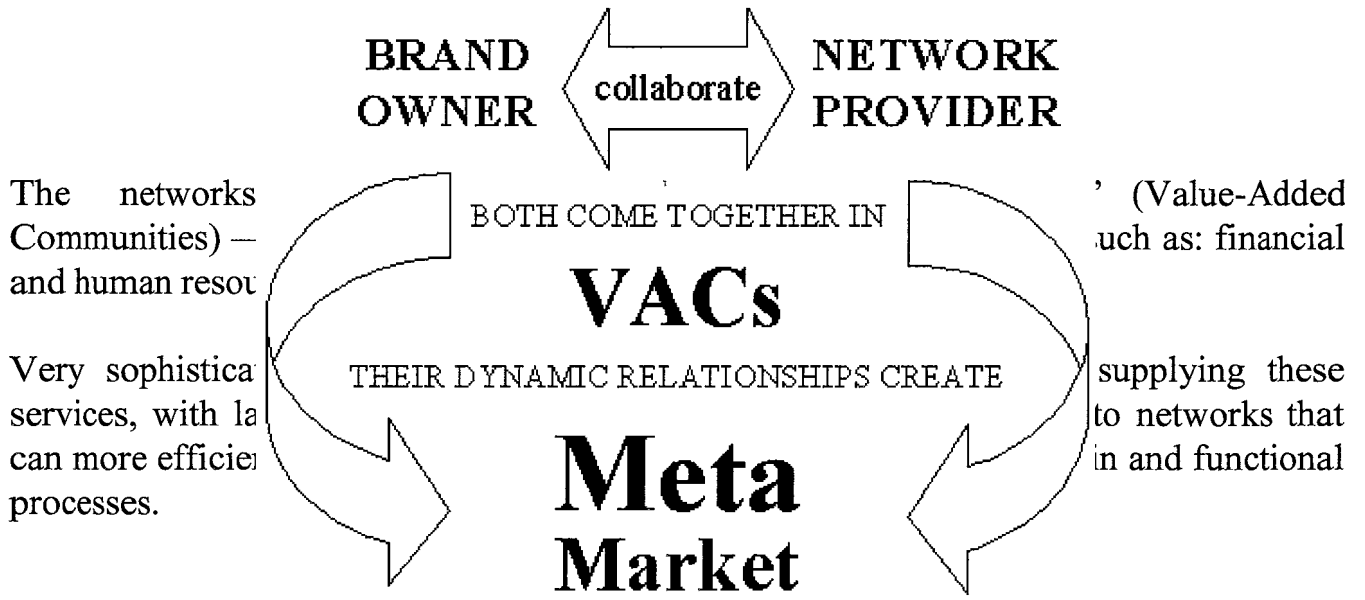
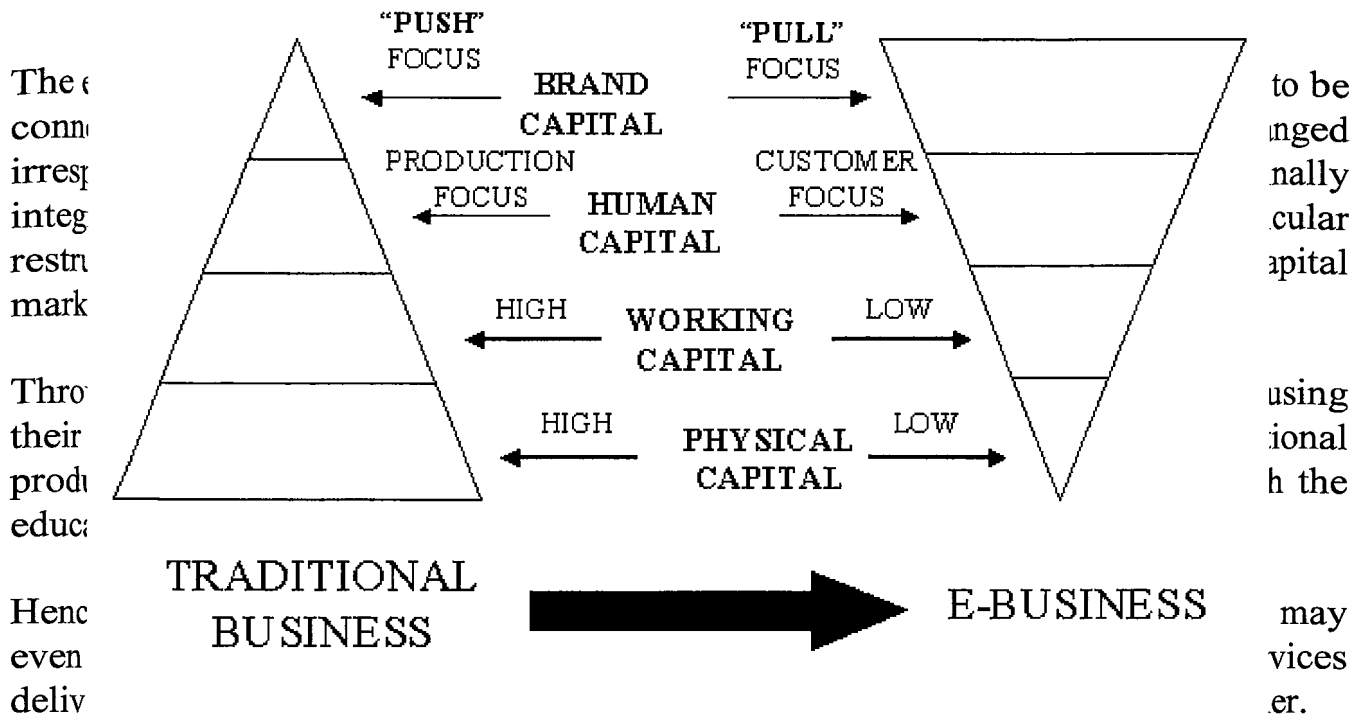
The salvatory promise of immortality is equally seductive let alone dominant in our personal and professional lives alike. The promise of an institution's global successful salvation is no different to the promise of humans' salvation. It has been the most revered ideal over the ages and religions promise to deliver such salvation. Consulting firms are no different, as they represent the modern religious experience to institutions, private and public alike. The prophets of consulting have been invoking such feelings of 'awe' with their 'symbols', like: Business Process Reengineering, Best Practice and so on, in rituals, such as: MetaCapitalim, engaged in by their community of believers, that is: their consulting clients. Universities are no exception in being lured by such rituals, given their role shift from being publicly funded with long-term socio-cultural interests to being privately funded, and thus hijacked by short-term market interests. The paradox of a University as enterprise or 'academy' is at the heart of this discussion about the politics of the new academy. These politics manifest themselves in the new role of educational institutions as owners of capital with their new elite of self-perceived highly-paid "business executives", who are in a perpetual power struggle to subjugate their intellectual capital; their staff. The problems associated with intellectual capital valuation and ownership subjugation ultimately brings to bear on the students. They have a global expectation that is rooted in the rhetorical promises of these business "executives" which do not correspond to the "localised" learning culture and "national" identity that is inseparable from the teachers. Scale economies in producing graduates who are specifically cloned for particular industries is also another source of this crisis in the tertiary educational system. The succumbing of Universities to the business community agenda in order to complement the balance from decreased public funding, resulted in a perceived loss of their credibility as independent pillars of free speech and ideas in society. Contrary to the MetaCapitalist cult predictions, the Market did not reward the firms that adopted MetaCapitlist change policies, but rather obliterated their structures to only force them into bankruptcy, such as with the current global corporate collapses of Enron and Kmart and the airline crisis worldwide. Would then Universities comparable MetaCapitalist strategic changes attract the same fate.

## MetaCapitalism

The current global and technological developments draws attention to the social, economic and political aspects of the Information Age or Mobile Age, as Internet technologies and work itself are becoming mobile. As the nation-state mutates into corporation-states in the new world order, the role of each corporation-state is to produce - through their Universities - the right people, with the right knowledge and expertise, as the raw material for the global companies that profit from the Information Age - to service these companies, and to provide them with an efficient infrastructure, a minimally regulated market and a secure, stable and comfortable environment. This global transformation is coupled with organizational changes largely driven by consulting firms, such as with PriceWaterhouseCoopers' new corporate strategy ritual: MetaCapitalism.

The media hype[2] for MetaCapitalism, with its revolutionary promise of transforming the structure and core business models in every sector, to value creation in the new economy, is a phenomenon worthy of examination given the symbolic significance of the world's largest business advisory firm placing its name next to such a model.

The MetaCapitalist argument contends that the centuries-old traditional University model (Figure-1) in which brand-owning universities put a premium on maintaining internal bases of physical capital — classroom buildings, manicured lawns, libraries, telecommunications infrastructure, etc. — is crumbling and giving way to thinly capitalised (de-capitalised) brand-owning Universities operating with external or outsourced networks of educational services providers. This is expected to intensity over about an 18 months period that started in June 2000.



efficiency:  
lower margin



ipines - wat

- Cross-degree, or horizontal communities, address functional processes, such as Internet multimedia delivery, standardised global teaching space — solving problems that are common to more than one market.

And as these communities continue to evolve, and begin to become more organized and efficient, new models begin to emerge as VACs begin to consolidate and integrate themselves into larger communities, called MetaMarkets.

MetaMarkets essentially knit together a set of VACs to provide an integrated suite of services, providing common cross-degree processes to a series of degree specific communities (Arts, Sciences, IT, etc). The educational cultural diversity is another sign of an educational MetaMarket that is not limited to a homogeneous cultural or linguistic student market.

These new developments are radically changing our understanding of the notions of capital, value and even of economic life. While there is much to agree with in the MetaCapitalist argument - the future will indeed be dramatically impacted by wireless technologies and the internet, the need for Universities to respond more quickly, the growth of a high-tech society, and such like - there are some premises that MetaCapitalism is built upon which gives me cause for concern, especially within education. I wish to offer a word of caution about the scenario it paints, and in particular the future it depicts.

## **MetaCapitalism in Education and a Case of Misinterpretation**

Universities, like any other organisation largely invests in intellectual capital, that is: their staff. Academic, administrative and other support staff co-ordinate their activities in an effort to provide a unique educational service. This intellectual investment is lost once an employee -especially an academic- leaves the institution with their organisational knowledge that has been nurtured to reflect the institutional ethos. This investment becomes a net loss when unique knowledge of a certain area, such as subject specific knowledge is lost by the departure of an experienced academic. Investments made to reproduce their subject material from researching its content, prepare its presentation and so forth is long and expensive.

This section contrasts the interpretation and misinterpretation of MetaCapitalism in the implementation of a web-based multimedia delivery system in 1997 to capture much of this intellectual capital, so that: (a) institutions may enjoy a higher return on investment

by retaining its institutional knowledge and know-how, (b) the individual, especially academics may spend less time on class preparation and delivery to allocate more time to research, (c) institutions may incur an overall [5] lower cost, and (d) experienced staff efficiently passing-on knowledge and know-how to less experienced staff.

### **The Core and Non-Core Divide**

The core and non-core activity divide in institutions is at best a fluid paradox with a business strategy model, such as: MetaCapitalism utilising it. A University's misinterpretation of MetaCapitalism in terms of outsourcing core rather than non-core activities, is a manifestation of such a paradox. In times of economic uncertainty, excessive internal organisational competitiveness surface more so than at other times. One such competition surfaced with the creation of a University wide Educational Media Services (EMS) that represented a horizontal MetaCapitalist integration [6] initiative by the University.

The stated agenda was to capture much of the institutional intellectual capital electronically so that it may be "owned" by the institution. Then EMS would market and deliver it in any shape or form without the consent of the academics at any point in the future with the proceeds being shared between EMS and the University. The educational credibility of EMS and its overt plans of "virtual delivery" were further strengthened by the fact that EMS also became the only "certifying" authority within the University to ratify the educational value of any taught subject.

This was contrary to departments' survival interests given the shift in revenue to the centre, and the fact that departments spend more than 90% of their budgets on staffing costs. This also brought into question the overall survival of academics and their intellectual property rights, let alone concerns about the disintegration of departmental and faculty structures. Against a background of governmental funding cuts to the tertiary sector and University "reshaping" policies, the adoption of MetaCapitalism as a change driver within departments was indeed considered.

In our department, Accounting and finance, it was my view that we had to depend on ourselves to protect our intellectual property rights let alone our survival. It was my belief that we had to adopt a MetaCapitalist view in our work practices especially the use of Internet technologies to reach a global market and the outsourcing our non-core activities - such as: getting full-time lecturing staff to focus on lecturing rather than misuse their expertise in workshop demonstrations that may be outsourced to less experienced and temporary staff. Having already been the first on campus, delivering web-based multimedia video broadcasts of my subjects then it was only realistic that my MetaCapitalist initiative was to extend the use of my internet based system to my

colleagues within the department.

The system was an internet-based computer-supported attempt to develop an evolutionary platform of instruction that enabled educators to: (a) administer course resources of the teaching, learning and assessment functions, (b) shape a global focus to problem-solving based on student generated learning in open classrooms across the World Wide Web, (c) facilitate collaboration [7] among students and staff, and (d) provide interactive [8] resources to students and staff in remote locations.

The aim of which was to provide a platform of support for both staff teaching functions and students' learning activities so as to produce the right graduates with the right knowledge and expertise.

### **Economic Rationalism and an Educational Ethos**

Being a hybrid [9] academic, I was in a privileged position to evaluate both the educational and economic value of the University's version of MetaCapitalism and ours without the fear of being sidelined in favour of economic rationalism and survival.

The first step was to consider the economic benefits from adopting MetaCapitalism. I found that the cost savings were 72% for a six credit point U/G subject, 64% for a twelve credit point U/G subject and 75% for a postgraduate subject. In addition, the return on investment (ROI) [10] was 162% for a six credit-point subject, 121% for a twelve credit-point subject and 132% for a postgraduate subject.

The Bottom Line[11]			
	6 Cr U/G Subject	12 Cr U/G Subject	P/G Subject
Cost Savings	72%	64%	75%
ROI	162%	121%	132%
Payback Period	14 weeks	14 weeks	14 weeks
Total 3 yr savings	A\$ 207,396	A\$ 228,024	A\$ 27,504
Total 3 yr costs	A\$ 116,538	A\$ 140,271	A\$ 21,176

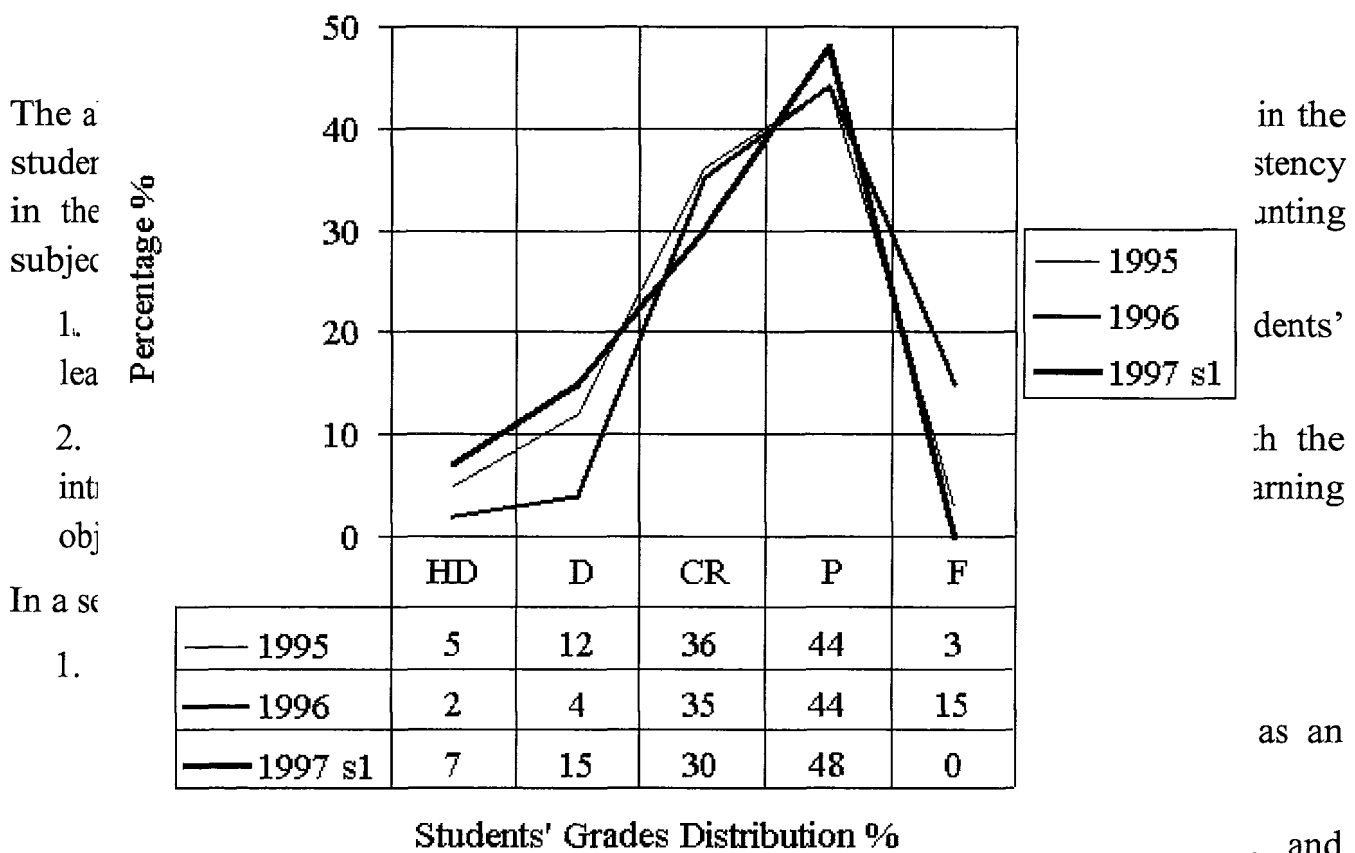
Table 1 - Savings and Cost based on running the subject for 3 sessions per year

This was coupled with a short payback period ranging from 10 to 14 weeks[12] (which means that the cost of the system is quickly recovered) and the risk associated with such a project is low, while maintaining a solid educational philosophy and a progressive ethos.



The second step was to examine the hard facts associated with the first three years of my departmental stand-alone implementation of the online delivery system. One may empirically address a subject's teaching and learning functions by charting the effects of the web-based delivery on the following:

1. Enrolments increased [13] by 29% in the first three years from the introduction of the web based delivery of the subject.
2. Diverse [14] Enrolments with students from a wide range of specialisations within the Faculty and from other Faculties as well.
3. Highest [15] Average Score across most second year core Accounting subjects for the past 5 years.
4. Consistency in the overall distribution of students' performance in the subject since the introduction of the web based delivery of the subject as in Table-2.



c. testing at fixed intervals which fosters cramming to the detriment of long-term retention.

2. the focus from routine to complexity by avoiding non value added activities, such as time wasted by the:

- a. Student when, for example: (a) changing class times, (b) chasing lecturers outside their consultation times, (c) chasing course materials, such as: readings and lecture notes, and (d) travelling time to and from the University to see a

lecturer or go to the library and so on.

b. Lecturer when, for example: (a) changing classes, (b) preparing (collect, photocopy, etc.) course material to be placed on closed reserve in the library, (c) dealing with queries regarding missing pages in readings that were torn out, and so on.

These fundamental shifts meant that lecturers and students may spend more time addressing the substantive issues in the content rather than spending their energies on non-value added [16] activities that do not contribute in any way to the educational process.

The global challenge facing organisations in the new millennium is the need to develop eHybrids - individuals who have strong business knowledge and adequate information technology skills. The institutional stated aim is to help prepare graduates for the e-World who can understand global business developments and are critically informed of their profession and sensitive to the needs of the different stakeholders in society, business community and the academy with their historical traditions and the socio-economic, political and technological environment within which we exist.

This progressive institutional ethos was not compromised as demonstrated from the above analysis, by the technological distribution of educational knowledge. Rather, it nurtured a sense of vigour in inquiry for both the teacher and learner, through knowledge management to help prepare graduates for the eWorld.

Despite the encouraging results, the question that remained unanswered, was how efficient was our MetaCapitalist alternative to the institutional horizontal model? To answer that question, I compared the development and implementation costs of my system to the cost of its development and implementation by EMS as in Table 3 below.

Cost Driver	Development and Implemen					
	Academics			Edu		
	HRS	Rate /Hrs	Cost	%	HRS	R
		A\$	A\$			/
Proposal Development	10	74	739	2%	20	1
Consulting (EMS/Academics)	5	120	600	2%	200	1
Development	400	74	29,548	75%	700	1
Hardware			4,000	10%		
Software			2,000	5%		
Network						
Training	5	74	369	1%	5	2
On-going Management	30	74	2,216	6%	30	2
Other Cost						
Total	450	88	39,472	100%	955	1

Table 3 – Comparative Development and Implementation Costs[17]

From the analysis in table-3, I found that the cost of using EMS to develop and implement the system was A\$ 122,252, which was more than three times as much as our cost of A\$ 39,472.

The prohibitive cost of deploying the University's MetaCapitalist strategy was due to the time spent by both the academic and EMS in the negotiation and reaching of an agreement as to the design, implementation and maintenance terms of the system. Another prohibitive factor would be the development of a dependency by the academic staff on the EMS consultant in resolving the simplest of problems that may arise when the system becomes operational which may result in bottleneck problems with updates of the content in particular.

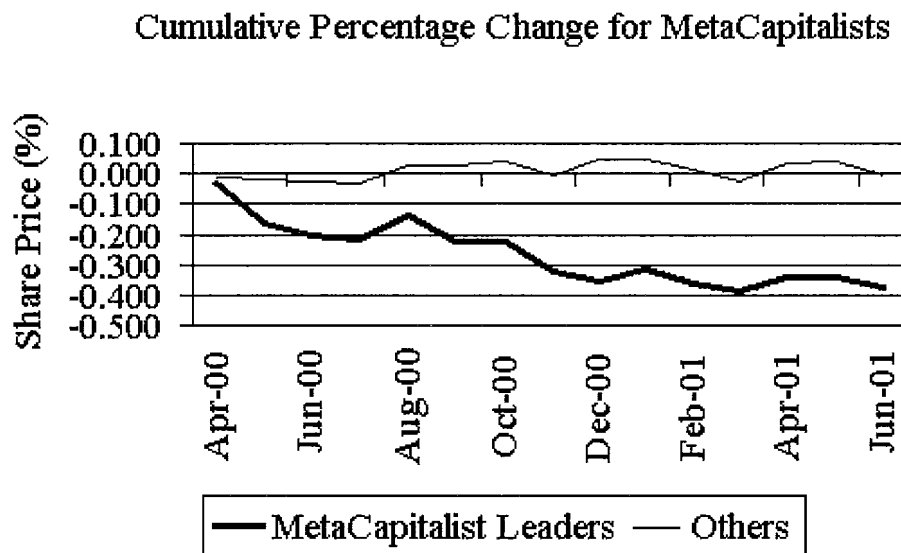
## Conclusions

In conclusion, Universities like any other business must survive economically and there are no alternatives to using the Internet, de-capitalization and consolidation of their business. The adoption of MetaCapitalist strategies is conditional to the recognition of what is a core and what is a non-core activity. The paradoxical shifts in these (core and non-core) distinctions make it inevitable that University units would compete in the determination of what are core and non-core activities for their own economic survival. In addition, the misinterpretation of what is core and non-core proved to be far more

expensive and threatening to disintegrate existing organisational structures.

By comparison, the empirical evidence [18] in Figure-4 shows the detrimental effect of MetaCapitalism on the share price of the firms that had aggressively adopted such change strategies, as compared to others that did in a less aggressive and conservative sense. This empirical evidence supports my argument for a careful consideration of the adoption of MetaCapitalist strategies and the speed of their implementation within the educational sector.

Figure 4 - Market Performance [19] of MetaCapitalist Firms



Furthermore, I feel that it is paramount for consulting firms to be socially responsible for their socio-economic experimentation with their “strategies” in global business given their wider global social effect. The question that poses itself at this point is whether Universities should choose the MetaCapitalist model or not? And if they do, then would it be unreasonable to assume that they would suffer the same fate as leading MetaCapitalist firms due to their “cult” following of aggressive MetaCapitalist change strategies?

[1] I would like to thank my mentors Professors Tony Tinker, Rudy Hirschheim and John Oxland for their enlightening discussions and support over the years. Thanks are also due to Professor Rita Kupetz for her valuable comments and to Daniel Pirrello for his statistical assistance. Finally, I am indebted to my mother, sister and my friend, mentor and partner Catherine Davis for her insightful debates, encouragement and unconditional love that inspired this work.

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[3] MEANS, G./SCHNEIDER, D. (2000), "MetaCapitalism - The E-Business Revolution and the Design of 21st Century Companies and Markets", John Wiley & Sons Inc., USA.

[4] Ibid.

[5] Overall costs include three major elements: cost of acquisition, cost of deployment, and the cost of management.

[6] A specialised centre for Educational Media Services development that offers centralised multimedia web-based development to the whole campus.

[7] Collaboration takes many forms including electronic mail and news discussion groups but most recently, PC based video conferencing and live video broadcasting.

[8] Interactivity in this system takes the form of live and on-demand video broadcasts and PC based video conferencing, as well as hands-on training interactive resources such as screen capture of mouse movements on the screen accessing programs accompanied with a commentary by the instructor.

[9] Hybrid means being equally trained in the business and information technology domains.

[10] ROI has been calculated by matching the cost of investment (system capital cost + ongoing running costs + direct teaching costs) with the return on investment (direct teaching cost savings). The calculation did not take into account the original investment per subject by the University and the associated overhead costs.

[11] MICKHAIL, G. (1997), An Intelligent On-line Multimedia Workbench Proposal, CUSTD Grants Scheme, University of Wollongong, Australia.

[12] Pay back periods are based on the number of weeks to run the subject for the first time.

[13] I have calculated the change in enrolments in the first three years from 1995 which was the year that I have introduced the web based delivery of the subject, and not 1994 when I actually started its coordination and changed its structure and content.

[14] This is particularly significant given that this subject is a core subject for the accounting specialisation only and is only required if one would like to qualify for the accounting profession. Hence, its perceived relevance should be only to students specialising in accountancy. However, an average of 6.1% of enrolled students were not specialised in accountancy which suggested that this demand may be driven by either: (a) its content or (b) its presentation and delivery.

[15] CHOWDHURY, A.I./CHOWDHURY, A. K. (1997), Determinants of Students Performance in Auditing at the Undergraduate Level, Department of Accounting and Finance Seminar series at the University of Wollongong.

[16] Value Added Activities are activities that add value to the educational product or service. This may include activities that contribute to: (a) the learning process for students and (b) the teaching process for staff. Any activity that does not add value is a non-added value activity, such as: queuing up to photocopy articles in the library does not add any value to learning especially if there is an alternative way to getting the same articles - say downloading them via the internet.

[17] Calculations are based on multiplying the hourly rate for the employee type by the number of hours required to perform the specified tasks.

[18] MICKHAIL, G. (2001), MetaCapitalism: The Impetus of Creativity or The Bane of our Existence, Global Business Management Week Conference 2001, The Chartered Institute of Management Accountants, UK.

[19] Ibid.