Family-Owned Universities: Fit for the Twenty-First Century?

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Abstract
Family-Owned or -Managed Higher Education Institutions (FOMHEIs) are a remarkable phenomenon—which, despite having a global presence, is almost entirely ignored. FOMHEIs exist on every continent and number in the thousands. Many are established with a social mission and are nonprofit, while others are for-profit and linked to family businesses. Despite their unequivocal "familiness" dimension, FOMHEIs retain the character of academic enterprises, while departing from their nonfamily-based counterparts in several major ways.

Family-Owned or -Managed Higher Education Institutions (FOMHEIs) are remarkable and almost entirely ignored, despite having a global presence. They exist on every continent and probably number in the thousands. These institutions are established by families, typically by a charismatic family member, and remain under family control across generations. Although there are no statistics concerning the extent of their operations, it is estimated that FOMHEIs have a significant presence in a number of countries with large private sectors. The observations in this article stem from The Global Phenomenon of Family-Owned or -Managed Universities (2020), edited by Philip G. Altbach, Edward Choi, Matt R. Allen, and Hans de Wit (Brill Sense).

FOMHEIs may be distinguished from the general landscape of higher education by several characteristics, primarily relating to the means by which family-based leadership makes organizational decisions and the unique opportunities and challenges created by the managerial involvement of family members. In most countries, family coalitions are understood to *own* the universities that they establish. In many cases, they own education groups that also include other institutional types, such as schools.

Institutional Characteristics

FOMHEIs typify many of the characteristics defining their nonfamily counterparts within the private education sector. For example, they operate with both for-profit and nonprofit motives. Nonprofit FOMHEIs may be found in such countries as Bangladesh, Colombia, India, Japan, and South Korea, and where national policy proscribes commercial activity in higher education. This is in contrast to such countries as Armenia, Brazil, China, Ethiopia, and the Philippines, where FOMHEIs blend commercial interests with a social mission.

FOMHEIs also resemble private nonfamily-based types on institutional autonomy, which varies in degree depending on national context. They have less autonomy in countries with no substantial differences between public and private sectors with respect to government oversight. These include Armenia, China, Japan, the Philippines, and South Korea. In these countries, FOMHEIs may be understood as quasi-public entities and are subject to stringent government controls reaching deep into university affairs. However, this is not the case in other parts of the world. The governments of such countries as Brazil, Ethiopia, India, and Mexico enforce comparatively looser regulations.

Other dimensions on which FOMHEIs resemble (private) nonfamily-based institutions include institutional priorities and societal role; enrollment capacity; academic offerings, focus, and research; educational quality; and funding patterns.

The "Familiness" Dimension

All FOMHEIs retain the character of an academic enterprise, some more than others. However, they depart from their nonfamily counterparts in terms of their resemblance to family-owned businesses. Like family firms, FOMHEIs possess socioemotional wealth, understood as an organization's stock of nonfinancial endowments. These include, for example, a shared identity between families and their universities, binding social ties or relational capital, and emotional attachments among family members. Strong social bonds, rooted in loyalty, reciprocation, and trust, shape a participatory, family-like culture in which both family and nonfamily personnel have membership. Emotional attachments among family members may also be found, as positive projections like pride and love, and in negative forms such as disappointment, frustration, or anger.

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Socioemotional wealth also includes family influence and renewal, or family-based succession. These forms of capital are often protected and pursued in organizational decision-making. Decisions around the appointment and promotion of new employees and staff is one such example. It is often the case that families favor kin over more qualified nonfamily personnel. At some FOMHEIs where such decision-making is pronounced, the family maintains a majority presence on the board and perpetuates family-based control by choosing board successors from within kinship groups, typically their sons or daughters. There are also cases in which single family members occupy multiple positions of leadership within the same university (e.g., board member and president) and/or across different institution types controlled by the same family group.

Challenges and Weaknesses

There are myriad challenges and weaknesses connected to the protection and enhancement of socioemotional wealth and familial power. For example, the family's desire to protect family influence and dominate managerial decision-making is often detrimental to shared governance practices.

Another challenge may relate to enhancing family influence at the cost of securing opportunities for economic gain. Families owning firms often forgo investments in diversification strategies that grow the business. Firm diversification, which may require sharing decision-making power with nonfamily actors, is perceived as threatening to the family's dominant managerial position.

The family's need to keep the university within the family is another example in which family priorities may clash with organizational needs. Family-centric hiring and promotion practices, discussed above, can lead to agency conflict, and in some cases explosive infighting among family and nonfamily personnel. Nonfamily members, in particular those in the faculty body, may resist the traditions and norms of family-based succession especially where it concerns the recruitment and promotion of perceivably unqualified individuals.

Opportunities and Strengths

Unique opportunities and strengths abound at FOMHEIs. Family-based leadership may possess a competitive advantage over their nonfamily counterparts in the related areas of decision-making and introducing organizational change. It is often the case that decision-making at FOMHEIs is an efficient, unified process in which family members converge on a single vision. This may indeed be advantageous in a landscape where most other higher education institutions have slow reaction times to rapidly evolving environmental pressures and demands.

Another strength relates to the long-term occupation of leadership positions. It is not uncommon for family members to fill positions of authority (e.g., president or board member) over a period of 20 or 30 years, sometimes longer. Continuous, uninterrupted leadership offers the major advantage of stability in terms of strategic direction.

There is also merit in the identity and reputation that families share with their universities. Many family coalitions make greater emotional and financial investments in their universities, which may lead to a boost in organizational performance and an elevated social status for the families among their communities.

Hybrid Organizations

Owing to the duality of characteristics discussed here, FOMHEIs are hybrid organizations. They are both academic enterprises and organizations retaining a "familiness" character. Familiness can have a negative influence on organizational activities and performance as well as intraorganizational relations—and there is a possibility of corruption. Appropriation of university funds for personal gain is a problem common to many FOMHEIs. These cases, however, are counterbalanced by examples where family-based socioemotional wealth, convictions, and priorities align with the needs of the

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academic community. Family coalitions with strong educational convictions and positive value systems approach management and the training of successors with great sensitivity to the needs of the academic community. Such families contribute to the excellent reputations of a number of FOMHEIs globally. Some are nationally and, in some cases, internationally ranked.

Ultimately, the reputation of FOMHEIs hinge on the values, history, convictions, and vision that family coalitions bring to management. More so than at nonfamily-based institutions, the leadership at FOMHEIs can have a greater impact on organizational culture as a result of their deep-rooted involvement. ◢

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